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Finance Minister: Nation on 'Verge of Bankruptcy'

AU0811104493 Sofia BTA in English 0940 GMT 8 Nov 93

[Text] Sofia, November 8 (BTA)—"The tragedy of all governments, including the incumbent one, is in their failure to back monetarist measures with efficient action in structural adjustment," Finance Minister Stoyan Aleksandrov says in an interview for the private weekly BANKER. He believes that even under the effective legislation a lot more could have been done without a hiatus between the monetarist and the structural phases of the reform. The government must insist that parliament pass on a priority basis the amendments to the Privatization Act and on the application of some new techniques, such as participation of the banks in the privatization process which, however, would require further legislative amendments, Mr. Aleksandrov says. He believes that a mass privatization scheme is needed, too, and that the Privatization Agency should invigorate its operation.

The nation's finances are on the verge of bankruptcy, Mr. Aleksandrov told the 168 CHASA weekly. "If we do not take tangible action in the real economy, the worst may happen," he adds.

Mr. Aleksandrov warns that hyperinflation may hit the country even in the coming weeks. "The problem is to prevent the avalanche," he emphasizes. "We have too little time to hope that privatization will replenish the treasury and the social security funds, the country is now in an emergency situation," the finance minister believes. In his view, privatization should be speeded up on the basis of the German experience: "Enterprises should better be sold at a giveaway price in order to save time."

Mr. Aleksandrov says that if the economic reform is limited to cosmetic changes, next year's draft budget will be far from realistic. "As we are unable to provide the projected budget revenue, we should at least stick to the austerity with respect to expenditure to manage to keep the deficit and inflation within manageable proportions," he says.

Bulgaria needs an economic policy defending the state interests, and all political forces should rally behind this policy, the finance minister believes. "What matters most should be backed at any cost: At the cost of a cabinet reshuffle or a new cabinet or new elections, if necessary," Mr. Aleksandrov says. "If everybody consolidate, politicians and MP's and parties and electorate and men in the street and trade unions, only then will disaster be averted," he stresses.

Mr. Aleksandrov is optimistic about a thaw of Bulgaria's relations with the international financial institutions. When he took office, he was inclined to agree with 90 percent of their proposals, and differences were over the timing of the proposed economic measures.

SDS Leader Dimitrov Opposed to Talks With DPS

AU0711174593 Sofia KONTINENT in Bulgarian 3 Nov 93 p 2

[Report by Sonya Kostadinova]

[Text] Sofia, 2 November—Today Filip Dimitrov said that contacts between the SDS [Union of Democratic Forces] and DPS [Movement for Rights and Freedoms] are impossible and that he viewed relations between them within the framework of the August memorandum issued by the SDS. He claimed that to hold talks with [DPS leader] Ahmed Dogan would imply that the SDS had abandoned national interests.

According to Dimitrov, [SDS parliamentary group leader] Savov did not meet the DPS leader, but Savov himself admits that he has held talks with his National Assembly colleagues from the DPS on important draft laws. I am always ready to talk, Savov said, and promised to talk even to the BSP [Bulgarian Socialist Party], if the draft bill on the Supreme Judicial Council is submitted for debate to the National Assembly.

Dimitrov rejects the possibility of the SDS participating in any caretaker government. He commented that Georgi Markov's suggestion revealed his lack of familiarity with the Constitution, and in any case he was not authorized to speak on behalf of the SDS. On 3 November Dimitrov is planning to meet representatives of VMRO [Internal Macedonian Revolutionary Organization], the "Mother Bulgaria" organization, the Union of Servicemen at the national military schools, the Union for Balkan Revival, and monarchist parties, all of whom may become allies in the future.

Today the SDS National Coordinating Council suspended the membership of the Lovech SDS Coordinating Council. When we establish who forms the legitimate leadership in Lovech, we will accept them again, Dimitrov promised.

BSP's Views on National Security Examined

AU0711172393 Sofia DEMOKRATSIYA in Bulgarian 29 Oct 93 p 3

[Commentary by Ivan Preslavski and Boris Bozhinov: "National Security Is None of the Former Communists' Business"]

[Text] The bill submitted by the former Communist Party on the country's national security doctrine is a document drafted from the position of a party which used to embody the whole state. From the whole paper drafted by the strategic center of the Bulgarian Socialist Party [BSP], under the leadership of its ideologist Aleksandur Lilov, we intend to examine only Part 6, entitled "Military Security."

In analyzing the world and European-wide processes, the focus of attention is shifting to regional problems,

according to the paper. We can hardly dispute the thesis that the military policy of the Republic of Bulgaria should be based on national consensus.

So far so good. Nevertheless, most of the socialist doctrine's formulas sound rather bookish and general. The document submitted could apply to both Albania and the UK, to Sri Lanka and Switzerland alike. Half of the concepts and theories are borrowed from textbooks on strategic operations and the art of warfare read by students of the Military Academy. The subject of "Military Policy, Military Doctrine, and Military Potential" is treated in a nondescript and ideologically outdated style. Slogans of the type: "Unity between the people and the Army" are taking us back to the faded glory of 9 September 1944 anniversary parades' newsreels.

We can hardly agree with the conclusion that "dangerous attempts to repoliticize the Armed Forces and security organs are being observed," because the Army has hardly been decommunized so far. Along with its concern about the country's defense, the former Communist Party is trying to promote the idea that no one, besides the Communists, should interfere with Army affairs and with the police forces, and that no one should try to reform the law enforcement organs.

The BSP draft fails to provide clear stands on the new role of the Army in our society. No clear parameters of the military reform are submitted, a reform without which our troops will remain forever stagnating in the totalitarian past. The paper does not propose any mechanisms for the military-technical equipment of the Bulgarian Army. Basic guidelines for the defense of the population, of personal and public property are missing altogether. One way or another, however, the draft is still opening a door for an extensive debate about national consensus on national security issues. Every major public force must have its say in such a dialogue. It is high time for the Union of Democratic Forces [SDS] to express its own point of view, so as to avoid losing positions on an important battleground of serious conflicts which are expected to prevail over the forthcoming election campaign.

Tripartite Council Discusses Military Industry

AU0811190893 Sofia BTA in English 1717 GMT 8 Nov 93

[Text] Sofia, November 8 (BTA)—At an extraordinary closed-door meeting today, the National Council for Tripartite Cooperation (NSTS of the government, trade unions and employers) discussed the problems of the military-industrial complex. Deputy Prime Minister Evgeni Matinchev told the press he briefed the social partners on his stand on the future of arsenal, the large arms maker. He did not bring forward the issue of closing the plant down but thinks that if funds are raised, they should be partly spent on arsenal's restructuring - the freezing of certain product lines and the efficient distribution of wages. According to the deputy prime minister, other enterprises of the military-industrial complex are in similarly dire straits.

The Interdepartmental Council on the Military-Industrial Complex and Mobilization Readiness has already taken decisions on most deals with military goods, Minister Matinchev said.

The social partners are ready to assist parliament, the ministries and experts in working out a comprehensive strategy for the future of the military-industrial complex.

The Confederation of Independent Trade Unions in Bulgaria (KNSB) proposed that all interested parties, the president's office, parliament, the cabinet, departments and experts, meet by the end of November to decide by consensus the future of this sector.

At its regular meeting tomorrow NSTS will discuss a report by Industry Minister Rumen Bikov on the reform in industry, Mr. Matinchev said. The report contains assessments of the military- industrial complex, on whose basis the social partners are expected to make specific decisions.

Defense Official Cited on Yeltsin Letter

AU0911091993 Sofia KONTINENT in Bulgarian 4 Nov 93 p 3

[Article by Sonya Angelova: "Russia Does Not Expect Written Response From President Zhelev About Reviewing Conventional Weapons Treaty"]

[Text] There was no reason for President Zhelev to respond in writing to the letter of Boris Yeltsin, who solicited Bulgaria's opinion on reviewing the Treaty on Limiting Conventional Weapons. A cabinet source said that this was actually suggested by the Russian side after our representative to the permanent consultative group on observing the treaty in Vienna stressed that Bulgaria shares the opinion of most European states on this issue. The diplomatic deflection of the Russian request is the response that the executive power gave to the National Security Commission on this matter.

The deputies heard the opinions of Colonel Dimitur Mitkov, chief of the Defense Ministry "Disarmament" Department; General Stefan Dimitrov, chief of the president's military office; and Georgi Dimitrov, head of the Foreign Ministry "International Organizations" Department, on Yeltsin's letter.

According to Colonel Mitkov, any amendment of Article 5 of the treaty could seriously jeopardize the status quo in the Balkans and allow the neighboring countries to increase their weapons. The Foreign Ministry also does not recommend to revise the treaty, but it does not believe that Russia will unilaterally violate it. The diplomats hope that a compromise will be reached on the basis of negotiations, Georgi Dimitrov said to the correspondents. He said that the Foreign Ministry duly

received a copy of the Russian president's letter. President Zhelev discussed the letter with the ministers of foreign affairs and defense, the General staff chief, and other members of the executive power. The diplomat said that the information was not kept secret in any way, and that he sees no reason for any interference on the part of the parliament.

The National Security Commission will specify its position next week. One of its members said that the noise raised by the press on that matter was an attempt to discredit the president.

U.S. Envoy's Comments on Ethnic Parties Questioned

AU0811132493 Sofia KONTINENT in Bulgarian 5 Nov 93 p 8

[Konstantin Subchev commentary: "There Are No Two Motherlands"]

[Text] Upon his arrival in Bulgaria U.S. Ambassador Montgomery said that he views Bulgaria as his second motherland. Such statements are usually greeted with a smile, as a courtesy phrase outside diplomatic protocol.

The negative aspect in this case is that Mr. Montgomery's career as U.S. ambassador in Bulgaria began with things which are outside protocol. After failing to gloss over the blunder of his statement about the Bulgarian Constitution, during his meetings with the leaderships of the Union of Democratic Forces [SDS] and the Movement for Rights and Freedoms [DPS] the ambassador again said that he is not relinquishing his idea about founding political parties on an ethnic basis in Bulgaria. According to him, however, there were not adequate conditions and democratic traditions for this. In other words, as one of [writer] Aleko Konstantinov's heroes says: "The time for this has not arrived yet." For the time being the various political forces are only being sounded out about this idea.

Indeed, what is Mr. Montgomery's second motherland? The ambassador insists on things that really could turn Bulgaria into another Bosnia-Herzegovina. It is precisely the legitimation of parties based on an ethnic foundation, as indeed the DPS is, that could prompt an explosion of the latent nationalism, about which everyone speaks and all fear, but no one wants to commit himself and point out its real causes.

A simple person could have two motherlands. A diplomat—only one. Does Mr. Montgomery have two motherlands?

Macedonian Leader Backs 'Best Possible Relations'

AU0711181493 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 7 Nov 93

[Text] I have no reason to support any other position except having the best possible relations with Bulgaria and the Bulgarian people, Macedonian President Kiro Gligorov said in an interview for the BALKAN INFORMATION POOL.

Speaking about his address at the UN General Assembly and subsequent interview for the French daily LE MONDE, which were interpreted in Bulgaria as implying a negative attitude toward Bulgaria, Kiro Gligorov said that bad relations with Bulgaria would be contrary to Macedonian interests. I constantly repeat that Bulgaria was the first state which recognized us, the Macedonian president said. This is an historic act that evoked permanent emotions in all Macedonian citizens. Simultaneously, I cannot understand why Bulgaria does not establish full diplomatic relations with Macedonia, and why after it recognized us as a state, Bulgaria still does not have an embassy in Skopje, and there is still no Macedonian Embassy in Sofia.

The Macedonian president adheres to the opinion that he did not hurt the feelings of the Bulgarian people in his address at the UN General Assembly, and that Kiril and Metodiy also are the teachers of the Macedonian people.

In conclusion Kiro Gligorov points out: We look at the future and do not return back to our history, which is burdened by so many prejudices.

Havel Speaks on Administration Reform

AU0511145293 Prague CTK in English 2252 GMT 3 Nov 93

[Text] Mikulov, south Moravia, Nov 3 (CTK)—Czech President Vaclav Havel said today he believed that a fundamental reform of the state administration and self-administration was necessary and it should be launched before the local elections slated for autumn 1994.

Speaking to journalists during his visit here, Havel said he was afraid that if the reform were not launched, the issue would be politicized and would develop into a protracted painful problem.

Havel refused to voice categorical judgments on Moravia's future administrative and territorial arrangement. He said that most political forces in the country preferred Moravia's division into three regions. In this moment, it seems to me that it would be more fortunate for Moravia to be divided into three higher territorial units, not into five, as is also considered, Havel stated.

With the Mikulov visit, Havel ended his two-day trip to the Breclav district, during which he showed interest in the current problems of agriculture, the privatization process in the agriculture sphere and this sphere's prospects.

Official Detects Change in U.S. Policy

AU0811133593 Prague LIDOVE NOVINY in Czech 6 Nov 93 p 3

[Report by Roman Krasnicky: "End to Open Diplomacy; Jiri Payne Claims That U.S. Policy Has Changed Fundamentally This Fall"]

[Text] Russia's disagreement with the Central European countries' joining NATO has perturbed our politicians. No less disquieting, according to Jiri Payne (Civic Democratic Party), chairman of the parliamentary Foreign Affairs Committee, is the reaction of U.S. foreign policy, which has essentially accepted the Russian position.

U.S. policy has recently come to regard Russia as a strategic partner. The reason is obvious: Russia is the most important holder of nuclear weapons and the United States wishes to have a partner capable of safeguarding control over these weapons, Jiri Payne claims. Owing to this attitude, Central Europe is receding into the shadow of U.S. interests.

"I am not familiar with the contents of Yeltsin's letter to Western officials, but I am convinced that it contains the idea of dividing Europe, to put it in simplified terms: Either everyone should be in NATO, or no one. This idea appeared in Russian texts as early as a year and a half ago, but in this letter it was formulated with great precision." In the opinion of Jiri Payne, the United States has accepted this view and, hence, it allows for Russian political influence in this part of Europe. In June, Secretary of Defense Les Aspin even declared that the progress of democratic reforms in Russia would serve as an example for other post-communist countries.

"For me, this is a shocking statement," says Jiri Payne, and continues: "A very precise definition of how America perceives the Central European space could be found in one commentary—as a sandwich between the newly rising Germany and the unstable Russia. So far it is not clear to which side of the sandwich the filling will stick." Our foreign policy therefore faces the task of incessantly emphasizing our Western orientation. When one objects that the proposal for a "partnership for peace" and for a network of bilateral relations that the West has advanced to the post-communist countries might eliminate the potential Russian political threat, Payne responds: "If the entire U.S. policy has changed on the basis of one letter, then I am afraid that even the establishment of bilateral relations might be blocked by some other letter, about which we need not even know. Russia will exert its influence against any such military cooperation, because it would mean the same threat to it as the relevant country's becoming a member of NATO."

According to Jiri Payne, the period of an open foreign policy is coming to an end and hidden diplomacy is beginning to prevail. At the very least, a clear declaration should come from NATO's January summit in Brussels rejecting Russia's influence on the course of reforms in Central Europe.

Police Official Outlines New Refugee Status Law

AU0511204193 Prague HOSPODARSKE NOVINY in Czech 1 Nov 93 p 3

[Report by Jaroslav Hrbek: "The Conditions for Obtaining Refugee Status Are To Be Tougher as of Next Year"]

[Text] The draft amendment to the law on refugees, approved by the government last week, envisages that refugee status in the Czech Republic will only be granted to foreigners in cases where there is a justifiable fear of persecution arising from a lack of respect for certain basic human rights (for racial, religious, or political reasons). The amendment does not allow for the provision whereby—as until now—refugee status can also be granted for humanitarian reasons, said Jiri Grumlik, deputy director of the Czech Republic Police Presidium Aliens and Border Police Service, to HOSPODARSKE NOVINY. In his opinion, applicants often abused this provision, among other things, because economic reasons could be regarded as coming under humanitarian reasons. In view of the need to make the Czech "asylum" law concur with the 1951 Convention on the Legal Status of Refugees (the so-called Geneva Convention), a provision has been included in the draft amendment that should guarantee the refugee the same rights in the health care and social spheres as foreigners with permanent residence in the Czech Republic.

Experience from implementing the current law has shown that 80 percent of the applicants for refugee status do not fulfill the conditions for obtaining it. Therefore, the draft amendment envisages that in cases where the application is unquestionably unjustified, the asylum procedure will be considerably shortened. This would reduce the amount of time the applicants spend in refugee camps and would thus increase the Czech Republic's asylum capacity. The experts estimate that, in view of the migration trends in Europe, up to 5,000 people per annum could apply for refugee status in the Czech Republic. However, this would mean that the capacity of the refugee camps would have to be increased by 2,000 places. Grumlik said that international experience indicates that almost 90 percent of the foreigners who are not granted refugee status stay in the given country and gradually integrate themselves, whether legally or illegally, into society. From 1991—when the law on refugees came into force—to this September, a total of 4,523 people have applied for refugee status in the former CSFR and current Czech Republic. This status has been granted to 908 foreigners. The government draft envisages that the amendment to the law will come into force at the beginning of next year.

Commentary Views Russian Military Doctrine

AU0811133793 Prague RUDE PRAVO in Czech 5 Nov 93 p 30

[Commentary by Jan Horak: "The Russian Military Doctrine: Steps Forward and Backward"]

[Text] One step forward, two steps back—this is perhaps the first thing that comes to mind when reading the report on the new Russian military doctrine. The fact that Russia no longer considers any state to be its enemy and the undertaking that it will utilize its military forces for its defense only is, undoubtedly, the step forward. The fact that the doctrine allows the Army to offer support to the Interior Ministry's bodies in instances of internal threat can be considered to be one step back. The prospect of it being the first to use nuclear weapons—albeit only theoretically—is another step back.

The bolstering of the Army's influence on the Russian political scene is an indirect consequence of the doctrine, which was approved by the Security Council on Tuesday [2 November] after numerous delays and whose contents were made public at a news conference on Wednesday by [Russian] Defense Minister General Grachev. A further sign of this bolstering is the stipulation contained in the doctrine that the security interests of Russia or the other Commonwealth of Independent States member countries could lead to the deployment of Russian troops beyond the borders of the Russian Federation. Incidentally, Russian troops are currently deployed in certain flash points of tension within the former USSR—for example, in Georgia and Tajikistan. Russian troops are also patrolling the CIS' borders in places where the Russian Federation's borders have not been established.

Moscow Versus NATO

It seems, moreover, that the Army's points of view are also cropping up indirectly in the statements made and the stances adopted by the politicians. Let us recall, for example, the statement made by President Yeltsin that Russia will not be concerned about the admission of Poland and the Czech Republic into NATO. Not long afterwards, however, came Yeltsin's letter to the representatives of leading NATO countries where the membership of certain East European states in the Alliance is viewed negatively. By the way, this stance was recently reconfirmed by [Russian] Foreign Minister Kozyrev in London.

It is true—as Czech Foreign Minister Zieleniec has said—that Moscow is not a key player in the decision on admitting new countries into NATO, but, on the other hand, its influence on and its attitude toward this issue cannot be dismissed.

The Case of the Kuril Islands

The firm, or rather, rigid stance of the Army is also obvious from the negotiations with Japan on returning four of the islands belonging to the Kuril archipelago. During his visit to Japan, which took place just after the bloody battle for the Russian Parliament, Yeltsin promised the return of two of the four islands, but the date of this course of action was postponed to some unspecified time in the future. It seems that the proverb about having one's cake and eating it has been fulfilled.

Whether this is the final version of the Russian military doctrine and whether it becomes valid will be revealed next month. The possibility that the new parliament—which should be elected on 12 December—will want to make some changes to it cannot be ruled out. A new composition for the Security Council should also be expected after the elections, and whether it will also want to make comments on the doctrine is an open question.

Government Presents Bills for New Tax Rates

AU0811092693 Prague HOSPODARSKE NOVINY in Czech 2 Nov 93 p 3

[Report by Jana Havlingerova and Josef Pravec: "The Government's Tax Policy and Revenue in 1994"]

[Text] A gradual reduction in the tax rate and lower direct taxes form the basis for a long-term tax policy concept that will influence the 1994 budget. The government has presented the applicable bills and amendments in parliament. These documents will be discussed in the committees of the Chamber of Deputies and are expected to pass together with the draft budget.

The levies collected from companies, individuals, and entrepreneurs will be reduced. According to the proposed system, the maximum income-tax rate will be cut from 45 to 42 percent for companies and individuals,

and from 47 to 44 percent for entrepreneurs. If these changes are approved, the revenue will decline by 4.6 billion korunas [Kc].

The tax burden on individuals should decline slightly, chiefly because of the cut in insurance premiums from 13.5 percent to 13.25 percent. For example, a family with two minors where the husband is receiving Kc6,300 and the wife Kc5,000 per month will have a higher disposable income of Kc460 per year. If the husband's income is Kc8,000 per month, his spouae is a housewife, and there are two minors in the family, then the tax burden, including insurance premiums, will decline Kcby 560 per year.

The estimated income for the state budget is based on the amendment to the tax law, changes to the social insurance policy, and an estimate of economic development. Compared to 1993, this income should increase by Kc26.5 billion, that is, 7.5 percent. It is expected that the yield from the value-added tax [VAT] will be 17.2 percent higher than this year, and the volume of the consumer tax will also increase. The VAT, the income tax on companies and individuals, and the consumer tax will remain the most essential items in the budget. Social insurance premiums provide the largest revenue in the budget. This amount represents one third of the entire volume of the country's revenue.

Statistics Office Releases Foreign Trade Figures

AU0511204493 Prague TELEGRAF in Czech 1 Nov 93 p 6

[CTK report: "Foreign Trade Turnover Is Increasing"]

[Text] Prague—Foreign trade turnover increased by 16.3 percent during the first three quarters of this year (excluding trade with Slovakia) compared with the same period last year. Of this, imports increased by 17 percent and exports by 15.7 percent. This information was released by Czech Statistical Office Press Spokeswoman Jarmila Lehnerova.

Imports from all categories of states increased—with the exception of the countries of the former Soviet Union, with which there is a continuing decline. During the first nine months of the year, it amounted to almost 14 percent.

Exports to all categories of states also increased, again with the exception of the former USSR (a decline of 8.0 percent) and European states with a transition economy (a decline of 16.3 percent).

The balance of trade (including trade with Slovakia) achieved a surplus of 7.8 billion korunas between January and September. A surplus was also achieved in trade with EC states (10.6 billion korunas); developing countries (11.2 billion korunas); European states with a transition economy, excluding the former USSR (6.0 billion korunas); and countries with a state trading system (5.9 billion korunas).

On the other hand, the balance of trade returned a deficit with European Free Trade Association states (7.6 billion korunas); with other advanced states with a market economy (1.6 billion korunas); and with the countries of the former Soviet Union (17.5 billion korunas).

The balance of trade with Slovakia achieved a surplus of 6.8 billion korunas.

In overall foreign trade turnover (including trade with Slovakia, which accounted for 19.5 percent), states with an advanced market economy accounted for 56.9 percent (EC states for 42.2 percent); the countries of the former USSR for 9.1 percent; developing countries for 6.8 percent; European states with a transition economy (excluding the former USSR) for 6.0 percent; and countries with a state trading system for 1.7 percent.

President Rejects Meciar Government Proposal

LD0811221893 Bratislava STV 1 Television Network in Slovak 1830 GMT 8 Nov 93

[Address by President Michal Kovac to the "citizens of the Slovak Republic" on 8 November; place not given—live or recorded]

[Text] Esteemed fellow citizens: Not long ago, speaking at the National Council of the Slovak Republic, I welcomed the conclusion of the coalition agreement between the Movement for a Democratic Slovakia [HZDS] and the Slovak National Party [SNS].

On Friday last week [5 November], Prime Minister Vladimir Meciar handed me a proposal on the completion of the government. Over the weekend I discussed the proposal with officials of all parliamentary parties and movements, with officials of the Confederation of the Trade Unions, and with my advisers.

After due consideration, I have reached the following decision: Taking into account the current Constitution of the Slovak Republic, I am unable to accept the condition stipulated in the prime minister's proposal. It stipulates that I must accept the proposals for deputy prime ministers and ministers as a whole and that if I am not going to do so, I am to consider the coalition proposal for the completion of the government to be invalid and to act as if it had not been submitted.

According to the Slovak Constitution, it is impossible to assign a proposer the right to force the president of the Republic to accept a part of the proposal he does not agree with.

In accordance with the Slovak Constitution, I appoint and recall individual members of the government. And this is what I have decided to do in this case as well.

The prime minister proposed that I complete the government by adding four deputy prime ministers, and thus the government would have a total of five deputy prime ministers. I consider this number to be high. Moreover, this is not common in the governments of democratic countries.

The prime minister's proposal does not say anything about the division of powers among the deputy prime ministers. It does not outline their relations to individual ministers, either. Even my talks with the coalition partners failed to clarify this issue. However, it is a matter for the coalition partners to divide powers within the government. And it is a matter for the parliament to assess the activities of a government composed in this way.

This is why I have decided to name as deputy prime ministers Messrs. Jozef Prokes, Marian Andel, Sergej Kozlik, and Julius Toth.

In harmony with the proposal of the prime minister I have decided to appoint Jaroslav Paska as a member of the government and have asked him to head the Ministry of Education and Science of the Slovak Republic. At the same time, I have abolished the assignment of Deputy Prime Minister Roman Kovac to head this ministry.

I have also decided, as proposed by the prime minister to appoint Jan Ducky a member of the government and ask him to head the Ministry of the Economy of the Slovak Republic. At the same time, I recall from the post of member of the government Jaroslav Kubecka.

The prime minister suggested that I appoint Ivan Lexa a member of the government and that I ask him to head the Ministry for Administration and Privatization of National Property of the Slovak Republic.

I had and I have fundamental reservations against appointing Mr. Lexa to the post of minister. Mr. Lexa does not fulfill the prerequisites for performing in this post, and he does not enjoy my personal trust. That is why I will not appoint him to the post of minister.

I believe that the coalition will understand my procedure, that it is capable of presenting a new proposal to me and that the prime minister will submit it to me soon.

Dear fellow citizens, I should like to stress that this decision of mine is not aimed against the coalition or against creating a coalition government. The fate of Slovakia or the functioning of the coalition is not dependent on appointing or not appointing one member of the government. I consider adherence to constitutional principles and powers of exceptional significance. It is in the interest of internal political and foreign political stability of Slovakia. The credibility of Slovakia in the world increases if all the constitutional bodies and their representatives respect, in harmony with the constitution and the laws, division of power, while mutually cooperating closely. During such cooperation, success of one entity of the state power is, at the same time, success of all the others; it is the success of all of Slovakia. Slovakia is not being helped by striving for prestige of one at the expense of the loss of face of the other.

I believe that my decision is for the benefit of Slovakia and does not mean loss of face for anybody. When working for Slovakia one should not look for winners and losers, because all our efforts must be subordinated only to the needs and interests of the citizens.

Government May Remain in Minority

AU0911091193 Prague CTK in English 2202 GMT 8 Nov 93

[Text] Bratislava, Nov 8 (CTK)—If Slovak Premier Vladimir Meciar does not accept the decision of the president to name all the proposed members to the government except Ivan Lexa, a coalition between the Movement for a Democratic Slovakia (HZDS) and the Slovak National Party (SNS) will not be created and the minority government will continue to function, Slovak President Michal Kovac told journalists today.

He said that he had asked Meciar to inform him of his decision, adding that he considered it likely that Meciar would propose a new candidate for the post of privatization minister or would charge one of his five deputy premiers with executing the office. If Meciar intended to do this the president was willing to immediately sign ministerial decrees, Kovac said.

Kovac confirmed today that Meciar had warned him in his proposal that if he did not approve the government composition as a whole, then he should consider the proposal as not offered. The decisions made by the coalition force me to offer the composition as a whole. Disagreement with only one candidacy will make the whole proposal invalid. In such an event we should continue so as if none of the candidates was proposed, Meciar's proposal for the government composition says.

Kovac said that he had acted in accordance with the Slovak Constitution and his own conscience. I thus see no reason to raise tension between the president and premier, he said, adding that he was not thwarting the coalition by his decision.

I risk nothing. Those who are proposing him (Ivan Lexa) are maybe taking a risk. I am only using my constitutional powers and acting in accordance with my conscience, Kovac said.

Referring to Meciar's absence when the president announced the future government, Kovac said that the premier justified his non-presence by the fact that he was busy with other important tasks.

Asked whether the premier could offer his resignation due the refusal of the president to name Ivan Lexa, Kovac said that Meciar had declared earlier that he was not going to resign, and he did not expect him to do so now.

Kovac Holds News Conference

LD0911001293 Bratislava STV 1 Television Network in Slovak 2100 GMT 9 Nov 93

[Report on news conference held by Slovak President Michal Kovac in Prague on 8 November—passages within quotation marks are recorded]

[Excerpts] [Announcer] A news conference was held at the Castle immediately after the talks with Ludovit Cernak, chairman of the Slovak National Party.

Michal Kovac, president of the Slovak Republic, answered journalists' questions on whether he was connecting the appointment of possible new ministers with the talks with the prime minister.

[Kovac] "No, I do not connect them. It would give rise to a complicated situation if I issued decrees. Someone must present the decrees to the ministers and someone must inaugurate these ministers and members of the government. In his letter the prime minister drew attention to the fact that if I do not approve the proposal as a whole that I should consider it as if I had not received any proposal. Not to complicate the situation, I decided on the following procedure: First, I will tell the prime minister my decision and when he has confirmed or supplemented it, I will proceed with another measure, that is issuing decrees."

[Announcer] Slovak Television was interested in the following: Can we have a situation in which the parliament will express no confidence in the current government, or did you talk with the prime minister about his resignation.

[Kovac] "I do not assume that the parliament would strive for a no-confidence vote because the deputies of the Slovak National Party [SNS] who were willing to enter the coalition might quite possibly remain with their original viewpoint of supporting HZDS [Movement for a Democratic Slovakia]. That is quite possible, but I cannot speak for the deputies of the SNS.

I did not mention this, but in view of the prime minister's previous statements, namely that he does not intend to resign, I do not assume that he will resign. Rather, I assume that he will present a proposal to me for a new member of the government or some other solution; for example, he might ask one of the deputy prime ministers, who will be in charge of transformation, to head the Ministry for Administration and Privatization of National Property, or he himself will have the responsibility for this department, or he will propose somebody else. I think that this is the most likely, but also the easiest path. The coalition can start functioning even if a solution to this department were being sought for another three or four days because I have confirmed the rest, and the appropriate candidates can be installed in their posts." [passage omitted]

[Announcer] The daily SMENA is interested in whether Ivan Lexa went through the same screening as Jan Ducky.

[Kovac] "I was willing to confirm Lexa in the proposal at the beginning of the talks with the Slovak National Party. Later on, however, my doubts as to the competence of Mr. Lexa to hold this post increased and deepened. As a result, I changed the original course of thinking to "no," even if a block proposal was made within the framework of coalition agreements."

[Announcer] Radiozurnal reported unequivocally that according to SNS Chairman Ludovit Cernak the list of candidates was not discussed as one entity during coalition talks.

[Kovac] "I am going to give you exact information. The prime minister sent me a letter in which he wrote: The results reached by the coalition force me to present you with the proposals in question as one entity. Your failure to agree to any single proposal makes the entire proposal invalid. In that case, the course of action to be taken is as if no proposal had been submitted."

[Unidentified reporter] "Is not the bloc list of candidates a case of blackmail?"

[Kovac] "I have not perceived it like this. I have perceived it as the [expression of] difficulties surrounding the forming of the coalition. The prime minister told me that if we move one little brick, the entire building will be damaged, and it will be necessary to start from the very beginning. However, I found that this was not the case because the SNS as the coalition partner is not going to object if I do not appoint one minister. They agree with a submission of another." [passage omitted]

[Announcer] Is there anything more important than government appointments? This was the reaction by a RUDE PRAVO reporter to the failure of Prime Minister Vladimir Meciar to turn up.

[Kovac] [passage omitted] "After all, my proposal will reach him in a written form. This is sufficient. In fact, perhaps I will know earlier whether he accepts this or not. Perhaps it will make it possible for us to speed up the final decision by a few hours." [passage omitted]

SNS Chairman Cernak Comments

AU0911091293 Prague CTK in English 2231 GMT 8 Nov 93

[Text] Bratislava, Nov 8 (CTK)—Slovak President Michal Kovac's disagreement with the appointment of one candidate to the coalition cabinet will not make the coalition fall apart, Chairman of the Slovak National Party (SNS) Ludovit Cernak said today after meeting Kovac.

He said that the situation could be solved by consultation during coalition talks.

Cernak stressed that his party was entering the coalition under certain general conditions which it was not willing to back down from. We want to preserve the Slovak Constitution, and thus we are accepting the decision of the president of the republic, he said.

Kovac today expressed his willingness to appoint new members of the government in accordance with Premier Vladimir Meciar's proposal, which issued from the coalition agreements between the Movement For a Democratic Slovakia (HZDS) and SNS. However, he was negative about the candidacy of Ivan Lexa as minister for the administration and privatization of national property.

This evening Cernak arrived to meet the president alone Meciar, HZDS chairman, did not come. Nor, according to Cernak, did Chairman of Parliament Ivan Gasparovic come instead as HZDS representative. Slovak Radio, however, announced that he did visit the president.

Meciar Withdraws Proposal

LD0911115093 Prague Radiozurnal Radio Network in Czech 1100 GMT 9 Nov 93

[Text] Slovak Prime Minister Vladimir Meciar announced today that he was withdrawing his proposal for the appointment of a coalition government. This was his reaction to President Michal Kovac's decision yesterday not to accept the prime minister's proposal in its entirety and to disagree with the appointment of Ivan Lexa as minister for administration and privatization of national assets.

In a letter addressed to President Kovac—which was received by the Czech press agency—Meciar announced that the Movement for a Democratic Slovakia and Slovak National Party would begin new coalition talks and, based on the results of the talks, they would put forward a new proposal for the composition of the government.

Soldiers Replace UNPROFOR Members in Croatia

AU0811200593 Bratislava NARODNA OBRODA in Slovak 3 Nov 93 p 9

[TA SR report: "Female Soldiers on the Team; Replacement of UNPROFOR Members"]

[Text] Bratislava— The first volunteers from among the career soldiers of the Army of the Slovak Republic, who will replace their predecessors serving in the UNPROFOR [United Nations Protection Forces] peace mission on the territory of former Yugoslavia, left Bratislava last night. A total of 15 soldiers and two female communications officers left for Daruvar in northern Slavonia [eastern Croatia]. On its way back, the bus will bring home 37 members of a Slovak engineering battalion, who have been serving in Croatia and Serbia since the beginning of May. Overall, 117 of the 400 members of the Slovak peace contingent are to be replaced.

Meciar Explains Reasons for Currency Exchange

LD0511233293 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1700 GMT 5 Nov 93

[Interview with Prime Minister Vladimir Meciar by correspondent Martin Bartisek on 5 November; place not given—recorded]

[Excerpts] [Bartisek] Prime Minister, first of all I would like to repay an almost two-week-old debt to our listeners. It appears that the reverberations of the difficult time when people had to exchange their 1000-koruna banknotes for lower denomination banknotes are still being felt. At that time you called for certain restraint and for an understanding of this measure. I think it was a well-considered but yet very serious measure. The

public was to have learned the main reason for bringing it about within two weeks. Prime Minister, the two weeks are up.

[Meciar] I am able to tell the listeners today that an action aimed against Slovak currency was being prepared. The gist of this action was that a large sum of money in 1000-koruna denomination—these banknotes were genuine, but the special markings were not—was to have been released onto the Slovak Republic's market in the 44th week of this year in a quantity which would endanger not only the stability of the currency, but also the political situation in the state.

In the interest of protecting the currency and preventing the penetration of this destabilizing financial capital, which was to have been literally brought from the outside, we have done what had to be done in the interest of the state and its citizens. Otherwise they would be left with worthless money and that's what we could not afford. Further details will be released on Tuesday [9 November].

The aforementioned action took place on the territory of five states. A large number of people, who were helping us—and all of them helped us, took part in it. Some of those involved in countering this action in Slovakia are gone, and some—people like investigating officers and criminal police officers—are still carrying out their duties.

[Bartisek] Not much satisfaction has been reached in explaining the infamous Indiagate. This is a delicate case. You have reserved yourself two weeks before granting more detailed information about it. But it is still surrounded by many conjectures and speculations. One of them even links this case with the forming of a new cabinet prior to submitting the proposal for a new cabinet to Mr. President for approval.

[Meciar] My view of the whole Indiagate affair is that it was an intelligence game targeted against the government and against the foreign trade interest of the Slovak Republic, because it made public facts which should not normally be published.

The Government Office of the Slovak Republic has completed checking the case. The office has concluded that although there were some procedural errors there was no material damage and that no harm had been inflicted on the economic interest of the Slovak Republic. [passage omitted]

Many political parties became involved in the affair by casting doubt on the government in the National Council. Criminal investigation bodies also became involved. They asked me for a report. I obtained another report from India, and I'll attach it to my own report. I am going to pass all of it to them. I have nothing to hide. [passage omitted]

[Bartisek] Let us talk about the composition of the new government. At this moment, while recording this Friday's interview, everything is in fact in the hands of Mr. President. Understandably, we will have to wait for a while for his decision. But the Party of the Democratic Left [SDL] claims that in the forefront of the coalition's interest in work is filling up government positions to the detriment of the coalition government's program and to the detriment of the very contents of its policies from the standpoint of solving economic and social problems. The Alliance of Slovak Democrats [ADS] claims that among the proposed names for the ministerial positions there are persons unacceptable to Mr. President. What is the attitude of the Slovak prime minister to both these statements?

[Meciar] We must get used to the fact that not everybody who talks in the interest of a party is also talking in the interest of the state, and that there is a marked difference between a party and state interest. For example, if the SDL claims that a coalition will be viewed negatively abroad, I can today give an assurance that all foreign reactions are positive. Mr. Weiss [SDL chairman] made a mistake. If the ADS claims that there are persons in the proposal unacceptable to Mr. President, I do not know about them. And obviously, if such objections exist, they should be factual. I know that Mr. President invited several political parties for consultations, which is not usual but it is his right, in order that an agreement of two partners be assessed, unless another way out is to be sought. [passage omitted]

[Bartisek] Do you think that the assessment of next year may be a little different since you yourself admit that the inflation rate increase for next year should be around 17 percent?

[Meciar] The government has asked the finance minister to prepare a budget which will take into account a 12 percent inflation. But the rate of unemployment can reach, under certain circumstances, a 17 percent limit, which of course, we do not want. But this could become a real threat if some changes such as corporate bankruptcies and writing off corporate debts are introduced. [passage omitted]

Moravcik Answers Questions on Current Issues

AU0811093093 Bratislava SMENA in Slovak 29 Oct 93 p 3

[Report on a telephone call-in program with Foreign Minister Jozef Moravcik by unidentified callers in Bratislava; date not given: "I Am Not Going To Resign"]

[Excerpts] [passage omitted] [Caller] Good morning. How long is this government going to tolerate the misleading, offensive, and distorted attacks from Hungarian politicians and deputies of the Hungarian coalition in the National Council of the Slovak Republic?

[Moravcik] The attacks by members of the Hungarian parties in Slovakia are the affair of domestic policy. As

regards foreign policy, we need to create an atmosphere that would not allow such extremist opinion to appear. I mean mainly the opinions of Mr. Duray, which were once supported by Hungarian policy. We succeeded in having European countries—the EC, above all—exert pressure on Hungarian policy and soften their policy regarding ethnic minorities, particularly as regards the border issue. The EC countries have clearly shown that a country that is unable to recognize the existence of the borders, or has reservations about them, cannot enjoy their support for long. This will certainly have impact on the domestic situation. As regards foreign policy, we need to chose political means, engage in discussions, and explain our standpoints. This is not an easy process, and quick conclusions could have an adverse effect. We have to be patient and create conditions—in both foreign and domestic policy—to prevent extremist opinions from appearing. [passage omitted]

[Caller] What is your opinion on the relations between the government and the president? They do not always seem to be harmonious.

[Moravcik] We have to look at this rationally and calmly. The relations between the president and the government are outlined in the Constitution. However, nowhere in the world do they stick strictly to the constitution. In real politics, such relations are more complicated, and opinions on what the president, or the government should do may vary. However, there is certainly no crisis in relations between the president and the government. A crisis would arise if the government or the president were rendered non-functional. [passage omitted]

Government Approves Higher Pensions

AU0911130493 Bratislava HOSPODARSKE NOVINY in Slovak 3 Nov 93 p 1

[Report by "(ms)": "Higher Pensions"]

[Text] Bratislava—At the beginning of yesterday's Slovak Government session, its members held a minute's silence in tribute to Ministry of Culture State Secretary Roman Zelenay who died tragically. The government appointed a commission to organize a state funeral.

At its session yesterday, the government approved a draft National Council of the Slovak Republic law on the second increase in pensions in 1993. Old-age, invalid, and semi-invalid pensions, service pensions, widows' pensions, and orphans' pensions awarded prior to 1 January 1994 are to be increased by 6.0 percent. Pensions awarded between 1 March 1993 and 31 December 1993 are to be increased by 1.0 to 25 percent. The upper limit on pensions that are the only source of income is to be 3,510 korunas. These proposals will be discussed in parliament. According to a statement by Vojtech Tkac, state secretary at the Ministry of Labor, Social Affairs, and the Family, it is envisaged that they will become effective on 1 December.

The government also approved a report on the policy to be pursued in financially providing for the departments of education, science, and health until the end of the year. The funds released should be used as economically and providently as possible while maintaining their purpose.

It also approved a treaty between the Slovak Republic and the Czech Republic on regulating certain issues in the registration and state citizenship spheres. The aim of the treaty is to make it easier for citizens who are registered in the other republic or who live in it to expedite registration matters and matters associated with state citizenship.

The government approved the Slovak Republic's course of action in fostering cooperation with the United Nations Industrial Development Organization (UNIDO). It also agreed with a proposal to conclude an agreement between the Slovak and Bulgarian Governments on cooperation in health care and medicine. It also approved a proposal for our republic's accession to the Agreement on the Protection and Utilization of Border Waters and International Lakes. The government views this step as a contribution toward international cooperation in environmental protection.

The government also discussed proposals for the approval of privatization projects for five state enterprises.

HZDS Nominee To Lead TV Supervisory Body

AU0911124893 Bratislava PRAVDA in Slovak 3 Nov 93 p 3

[TA SR report: "Quality of Television Programs Is the Primary Concern"]

[Text] Bratislava—"The Slovak Television Council must strive to stimulate original productions and make sure that foreign cultural values appearing on the television screens alternate," Jozef Darmo, director of the Institute of Journalistic Studies, said after yesterday's first meeting of the Slovak Television Council, at which he was elected chairman of the council. Jozef Darmo had been nominated to the Slovak Television Council by the Movement for a Democratic Slovakia [HZDS] Club of Deputies.

Jozef Darmo endorses the selection of Slovak Television managerial staff in public competitions. He believes that this method is optimal also when tackling television's organizational problems, for example. The management should be able to work with various alternative broadcasting structures and make use of the creative potentials of every employee in the interest of the best possible quality of television programs.

Jozef Darmo expects that the management of Slovak Television that will emerge from the competition will formulate new criteria regarding demands on work for television. The Slovak Television Council is, however,

opposed to purges in managerial and creative staffs because changes must be the outcome of an objective process.

At the next meeting of the council, which is to be held after 15 November, Peter Malec, central director of Slovak Television, will submit to the nine-member Slovak Television Council an analysis of the present state of television, its budget, and the structure of programs. The council will then be able to comment on strategic issues regarding Slovak Television's activities so that it becomes a genuine public service cultural institution that is free of political pressures. The chairman of the Slovak Television Council does not recommend the merger of radio and television into a single entity as this would obfuscate their specific features. This does not rule out cooperation between the two institutions, Jozef Darmo said.

KDS, DS Executives Agree to Merger

LD0611211893 Prague CTK in English 1932 GMT 6 Nov 93

[Text] Zilina, Central Slovakia, Nov 6 (CTK)—The merger of the Conservative Democratic Party (KDS) and the Democratic Party (DS) was passed today by the KDS Executive Council and the DS Executive Committee at separate sessions here today.

No votes were cast against the merger, said KDS Chairman Pavol Hagyari and DS Chairman Anton Duris at a press conference after the vote. The new party will go by the name KDS-DS. Hagyari said that the merger of the two parties would unite the energy of the KDS with the experience of the DS, and Duris added that it was necessary to see in the merger a search for solutions to specific problems in Slovakia.

Which party's name comes first has absolutely no bearing, Duris said, adding that he thought the merger would be a successful marriage without any early divorce.

The two chairmen said the main goal of the merger was to coordinate the approach of the right in Slovakia in the period prior to the local and parliamentary elections. The right must act as a unified bloc during the run-up to the elections, Hagyari said. The merger of the KDS and the DS will help balance out the Slovak political scene, on which the left predominates. The only real right-wing party represented in parliament, he said, is the Christian Democratic Movement (KDH).

Neither the KDS, which was formed after the dissolution of the Public Against Violence (VPN) movement, nor the DS received enough votes to be represented in the Slovak parliament during the 1992 elections.

The merger agreement is to be officially signed by the end of November. The KDS-DS is envisaged as a strong civic party to the right of center. One of the party's most immediate goals is to initiate early parliamentary elections by collecting the 350,000 signatures necessary to call a referendum.

Antall Replies to Goncz's Letter on Media Issues

LD0811154793 Budapest Kossuth Radio Network in Hungarian 1400 GMT 8 Nov 93

[Text] The prime minister will ask for detailed information on the situation which has evolved in Hungarian television and radio. He will then examine the steps necessary within the government's authority, since he finds this essential in order to take his final stand.

This is stated, among other things, in Jozsef Antall's letter in which he replied to the president of the republic's letter of 1 November. As is known, in his letter Arpad Goncz called on the prime minister to take the steps which apply to him under the 1990 law on appointments in order to solve the untenable situation which has evolved at the television and radio.

Jozsef Antall points out that he does not agree with the president's statements according to which the radio and television have become unable to carry out their basic tasks. In the same way he cannot accept the statement that the public service media will not be able to broadcast the government's and the opposition's stands, thus depriving the Hungarian electorate of the chance to express their opinion openly, which, in the view of the president of the republic, would eliminate a precondition of the next free elections.

In his letter Jozsef Antall assures Arpad Goencz of the fact that freedom of the press is an issue close to his heart as well as to the heart of the head of state. He mentions as an example the series of statements—true or untrue—strongly criticizing the government's actions, published in the press or in the public service media. The prime minister stresses that if steps are taken which effectively influence the freedom of the press, he will be the first to intervene against them. At the same time he states: Protection of freedom of the press also means that there should be no internal terror by certain political circles, journalist cliques, by which they bring into a disadvantaged situation and strongly attack those whose stand is different.

Jozsef Antall mentions in his letter two of his interviews a few days ago in which he explained how far the government's authority reaches, and that the object of the current investigation concerns an outstandingly important group of questions, recordings of which have been shown several times recently. Here the prime minister mentions the damage the opposition parties have caused by rejecting the media bill in parliament, and that he regrets that the president of the republic, despite the unequivocal decisions of the Constitutional Court, rejected one after the other his personal proposals regarding the leading posts of television and radio.

Jozsef Antall believes that amid the disciplinary investigations the president's letter hardly promotes the real solution of the issue of radio and television.

At the end of his letter the prime minister finds it important to mention that with the proposal in his letter Arpad Goncz admitted that the posts of president in television and radio are now vacant due to the resignations of the former presidents.

MTI Quotes Antall's Letter

AU0811164893 Budapest MTI in English 1503 GMT 8 Nov 93

[Text] Budapest, 8 Nov (MTI)—Hungarian Prime Minister Jozsef Antall does not share President Arpad Goncz's view that the radio and television are now unable to fulfil fundamental tasks, he said on Monday [8 November] in response to a November 1 letter from Goncz.

In the letter, sent to Antall when he was in Cologne for medical treatment, the president called on him to propose candidates as Hungarian Radio and Television presidents, under law 57 of 1990. However, Antall said he could not accept Goncz's view that the "public service media will be incapable, of broadcasting the positions of government and opposition, therefore depriving Hungarian voters of the opportunity to express opinion freely," which would mean a "precondition for the next free elections will be eliminated."

In Antall's opinion, the present situation stems from the lack of a media law, which Parliament failed to adopt due to the opposition voting against it.

"I cannot forget to mention the damage opposition parties who voted against the media bill caused, although the government and the governing coalition showed a maximum readiness for compromise."

Antall also regretted that Goncz had refused to accept his previous proposals last year for media presidents, "in spite of unambiguous constitutional court decisions."

"I do not need to stress how pleased I would have been if, besides the serious economic, social and other problems faced by the country, I had not had to and do not have to deal with the so-called media affairs in the past and in future," Antall said.

Finally, he asked Goncz to let him know of any real violations of press freedom and promised to do everything against such a situation.

Also, Antall said he would ask for detailed information on the recent developments in radio and television, and would examine what steps were necessary, within the government's scope of authority, "before stating my final position."

Csurka Calls For Tough Action on Media

AU0911130093 Budapest MAGYAR FORUM in Hungarian 4 Nov 93 p 2

[Editorial by Istvan Csurka, chairman of the Hungarian Way Movement and a leader of the Hungarian Justice and Life Party: "Live Transmission—The Interconnections of a Week"]

[Excerpts] The shameful failure of the Egyenleg ["Balance" news program] has thrust aside all important foreign and domestic political events this week. It was revealed that [suspended Egyenleg chief editor] Andras Bano, this typical creation of [former Culture Minister] Aczel and a main functionary of the television's Hungarian Socialist Workers' Party, and his staff had falsified events in Kossuth square on 23 October. This resulted in a scandal with international implications and some of the respect for Hungary was lost because of the Bano gang's patchwork.

An unofficial parliamentary committee was also set up to investigate the issue, which would have liked to blame the interior minister for the events in the square but all their sessions proved to be fruitless and as the subject of the investigation became red- hot, the committee distanced itself from it.

In fact, the whole issue would be insignificant if the basic scandal and deceitful nature of the whole change of the regime did not shine from it. What happened? A press crew did something that is banned throughout the world and results in instant dismissal: They falsified a report. It is almost negligible that it depicted young people dressed up as fascists as having done something that was actually done by many thousands of National Association of Political Prisoners [POFOSZ] members—[President] Goncz's former fellow prisoners—and even the fact that this resulted in presenting a false image to Hungary is almost negligible. [passage omitted]

At any rate, Goncz's subsequent public appearance when he should have spoken in front of a big crowd was organized with huge police preparations; Hungarian citizens were harassed, illegally screened and kept away. The interior minister undertook to lash out at the extreme right and the skinheads, while Egyenleg was allowed to continue.

Why?

Because everyone is in the mud to a certain extent, everyone lies a little, the only difference is that Egyenleg acts deliberately, in a Marxists way, on the orders of the left wing. It was not only on 23 October that Egyenleg distorted and falsified, it had done it before and has been doing it ever since, just to different degrees. [passage omitted]

Egyenleg was a bridgehead of the liberals and ex-communists in Hungarian Television, which mainly played their tune. The government was forced to establish the Egyenleg program in the 1992 and 1991 media war, in the time of [former Television chairman] Hankiss.

The real problem, however, is that what is on the other side, the government-supporting "Hirado" [Newsreal] and "A Het" [The Week] do not stand on their on feet, either. First of all, their support for the government is not quite honest. The reform-communist links of its leader is public knowledge. Fozsgay pushed for Istvan G. Palfy's appointment and he was supported by the Hungarian Democratic Forum's [MDF's] wing, which has since been thrown out of the MDF. This way, Hirado is in a much more uncertain position than Egyenleg was because it is constantly forced to prove itself to the government and it has to walk with downcast eyes in front of its former supporters, because it is one of the government's demands that the Hungarian Way members have to be forgotten. [passage omitted]

The fact that Hirado mutes to the government's liking and Egyenleg falsifies toward the liberal left is not the only difference; their leaders also have different origins. The whole liberal camp that supports the Alliance of Free Democrats [SZDSZ] hates Palfy and his team because they see him as the one who broke the hegemony of Aczel's people. [passage omitted]

Elemer Hankiss, a result of the pact [between SZDSZ and MDF at the elections], was appointed to salvage the Aczel people, so he created Egyenleg, fired Palfy, and even started a quarrel with Alajos Chrudinak [foreign affairs chief editor in Television]. If the removal of Hankiss had not been successful then we would now have a clear liberal-commercial Hungarian Television with the profuse reign of the Aczel line.

We, the supporters and sponsors of MAGYAR FORUM, had a lion's share in preventing and averting this. However, we did not at all benefit from this. In the meantime, as subjects of new pacts with [U.S. Hungarian businessman and sponsor of culture, Gyorgy] Soros, we were thrown out of the MDF and our new movement and party are being hushed up.

Therefore, being expelled, we can see clearly that it was not only Egyenleg but the whole Hungarian mass communication that lied, starting from the Hungarian News Agency's [MTI] news editorial, which has a left-wing disposition; even selection goes through the refined filters of the former Hungarian Socialist Workers' Party's [MSZMP] guidelines, and whatever is published in the media or what the big national newspapers make or mix out of this is fundamentally false.

This is because, in addition to denying us, the old-new nomenklatura that is now distributed into four or five parliamentary parties serve the interests of the establishment. This applies both to the government and the opposition newspapers. UJ MAGYARORSZAG has no qualms about a bit of distortion just as MAGYAR HIRLAP does not. Only its quality is worse. [passage omitted]

Therefore, although we are not the beneficiaries and especially not the organizers of this media performance, we cannot remain uninvolved. However, rather than demanding out [hinaus] with the Egyenleg and the falsifiers—because this is self-evident—we are demanding that the government at last grasp the opportunity to establish a mass communication service that is truly in the public interest and has a pure national spirit. It should not be worried if the gang threatens with strikes

and if this leads to problems. Fresh forces have to be brought from the provinces and the capital, young people who speak Hungarian and should say goodbye to this mafia group.

We do not have many illusions left as regards this government but we do not consider it to be as timid and hopeless as to assume that it would give up this contest, too. Rather, it should part with those infected elements who have always rubbed shoulders with the liberals—Tamas Katona [state secretary at the Prime Minister's Office]—and it should stop the anxious members of the financial side who are obviously worried that Konrad [organizer of the Democratic Charter] and his associates will reach the World Bank or other, even more mighty places. More is at stake than this. A real move to change the regime could now be made which has an effect on the whole Hungarian future rather than only on the coming elections.

If the government gives in now, however, then it will clearly be the one to be blamed and we must no longer communicate with it. We hope that this will not happen. In this case, we will be able to forget about our serious grievances and we are again willing to take up arms.

Naturally, we require the place and size that befits us and a just and unbiased appraisal. Nothing will convert us to the Bela Kun [communist in early 20th century] type internationalist side. However, in order to find our place on the national side, the national side will have to turn into a true national side.

The greediness of the internationalists has created this opportunity. Therefore, knowing that we are right, we are expecting the signal of the fanfare.

Jeszenszky Interviewed on Romania Visit, Elections

LD0811132693 Budapest Kossuth Radio Network in Hungarian 0540 GMT 8 Nov 93

[Telephone interview with Hungarian Foreign Minister Geza Jeszenszky by correspondents Peter Gyuricza and Istvan Palffy, correspondents not individually identified; date not given—live or recorded]

[Excerpts] [Correspondent] Good morning.

[Jeszenszky] Good morning.

[Correspondent] You said in Sepsiszentgyoergy [Sfintu Gheorghe] that certain signs of a thaw in Hungarian-Romanian relations can be seen as a result of joint efforts. What are these certain signs?

[Jeszenszky] I consider it a sign of this kind that this is the second time I have visited Erdely [Transylvania] within seven weeks, and that the Romanian Government and Romanian society is getting used to the fact—which is natural—that it is not only citizens who come and go between two neighboring countries but politicians, too. I believe it is natural for the Hungarian foreign minister to attend a ceremony of unveiling a statue of his distant relative—the Turoczi's are descendants of my ancestors. These [visits] provide an opportunity for us to dispel prejudice and also for Romanian society to come to terms with the fact that Hungary is a good neighbor and not a threat. [passage omitted]

[Correspondent] Mentioning the symbolic meaning of statues in Romanian-Hungarian relations, what is your view of the plan to erect a statue of [former Romanian General] Antonescu?

[Jeszenszky] I find this a very unfortunate idea. This does not primarily disturb Hungary but a lot of people in Romania. Antonescu was a war criminal and was found guilty of being a war criminal by a Romanian court and he was sentenced to death and executed. So I believe that Romania will have a dispute with itself and with other European countries if it continues the plan. It is another matter that they want to erect it in Marosvasarhely [Tirgu Mures], in a town which had very little to do with Antonescu, and the majority of those living there would not consider this a step which promotes the atmosphere on which so many of us are working. So I hope that the responsible attitude which the Romanian Government, among them the Romanian Foreign Ministry, showed last week regarding this issue, will prevail and there will be no more statue issues in any Erdely town. [passage omitted]

[Correspondent] During your talks it was mentioned that the parties of Hungary more or less agree on the minority policy. However, we are facing an election campaign. In this light, can we expect a uniform foreign policy?

[Jeszenszky] To a certain extent it is a test of a country's maturity that foreign policy must be continuous even if there is an internal election struggle. The Hungarian Government hopes that the continuation of this process will not be hindered. I, as a politician, will of course take part in the election campaign. Today I see Hungarian national interests so clear-cut that I believe that, apart from a few people, the great majority of those dealing with politics cannot approach the main issues differently. Of course, one can speak of failures in connection with Hungarian foreign politics. I do not normally say that Hungarian foreign politics is a success story, but I believe we do have reason to be proud of many things. It is also very important for us to see how great our tasks are, which we can only attempt to carry out by maintaining unity.

[Correspondent] Have you had a chance of meeting with Prime Minister Jozsef Antall since Friday evening?

[Jeszenszky] That would have been physically impossible. I have not had a chance to meet him, but we will speak on the phone very soon.

Minister Interviewed on Industrial Policy

AU0511203593 Budapest PESTI HIRLAP in Hungarian 1 Nov 93 p 5

[Interview with Industry and Trade Minister Janos Latorcai by Gyorgy Szondy; place and date not given: "Growth Has Started in Industrial Production"]

[Excerpts] After his talks in Iran and Germany, Janos Latorcai gave an interview to PESTI HIRLAP on the vital issues of Hungarian industry, support for those sectors that have a chance of succeeding, and the conditions for structural change. His leadership is characterized by professionalism that is free of politics, so it is possible that he will be able to keep his position even after the elections until he completes his concept. [passage omitted]

[Szondy] What are the positive results of domestic industrial policy?

[Latorcai] It was an important step that after accepting the medium-term industrial policy, the government approved the work schedule for this year. This points out that close cooperation is needed between ministries and broad governmental work is justified for the implementation of industry policy. In my view, it is a success that the crisis management program of 13 large companies has been drawn up and implemented. These economic units found themselves to be in a difficult position because of previous bad decisions and the unfavorable changes in foreign and domestic conditions, which were unforeseeable. Their weight and importance within the industry justified governmental support. In my view, the reorganization within the framework of credit and debt consolidation was a significant step forward. We suggested the involvement of another 78 enterprises in addition to these 13. It is very important that, albeit rather moderately, growth has started in industrial production. However, the 1993 growth in areas other than food processing still appears to be fragile. The increase in production is mainly a result of the growth of domestic sales and stockpiling, while exports are decreasing. The fact that investment is still not increasing indicates an absence of the conditions for lasting growth. The expected increase in interest on credit will continue to dampen the will to invest. [passage omitted]

[Szondy] What are your views on Hungarian industry's closer ties with the European Community [EC]?

[Latorcai] In addition to regional cooperation [with Austria and Bavaria], Hungarian industry can mainly use technological cooperation and subcontracts to become linked to the markets of the developed European countries, provided that it can fulfill the European quality requirements and increase its competitiveness in quality and in price. The association agreement with the EC signed at the end of 1992 is the basis for our integration. The association agreement proposes industrial cooperation in the areas of energy production, research and development, standardization, quality certification, development of small and medium size enterprises, and communications. As a matter of fact, to help achieve the goals of the association agreement, the EC is giving temporary financial support to Hungary in the form of loans and aids. The possibilities of the European Investment Bank and the PHARE program can also be mentioned here. However, the domestic capability to receive all these has first to be established. We must use the facilities provided by the agreement to harmonize our strategy with the industry and trade of the largest partner. On the basis of this harmonized strategy, with the tools of economic policy we must help our enterprises to prepare quickly and efficiently.

Full free trade will be achieved in 10 years. We have to use this transitional period to prepare ourselves. In our view, through advantages linked to this, the importing of working capital can be promoted and the establishment of business premises can be achieved and export bases in Hungary can become advantageous. Effective industrial and market protection can still be applied while customs tariffs and quantitative limitations are lifted and imports become liberalized. Together with this, the limitations that our exporters face will also be lifted. We also have to prepare for this. [passage omitted]

[Szondy] What are your views on [Minister for International Economic Relations] Bela Kadar's Singapore initiative? Can we also have a program of economic progress similar to this?

[Latorcai] I support Kadar's Singapore initiative. If Hungary became a subregional center in East-Central Europe, this would substantially help the region's economic growth. Hungary's political and economic image also makes it possible for it to receive a considerable amount of capital from Singapore and to play the role of bridgehead toward the EC. [passage omitted]

[Szondy] What are your ministry's plans on restructuring industry, especially in view of the IMF and World Bank loans that are expected to be made available?

[Latorcai] The preparation of another phase of bank consolidation is on the agenda at the moment. In the framework of this, taking the experiences of the 1992 credit consolidation into consideration, the improvement of the banks' position is linked to the improvement of the position of debtor enterprises. The closely linked bank and debtor consolidation is an important step toward changing the industrial structure, because it can form a basis of reorganization that also includes developments. Accordingly, the change of the industrial structure is connected to the bank and debt consolidation also supported by the World Bank. Our goal is for as many industrial enterprises as possible capable of reorganization and being made competitive on the markets to participate in the debt consolidation. This can be the only assurance that debt relief will indeed be a basis for becoming marketable and competitive.

[Szondy] What is involved in the credit arrangement (some 19 billion forints) of the nine big industrial enterprises in which the state would "buy off" the debts?

[Latorcai] The credit consolidation of the nine large industrial enterprises is part of a broader process. The government has made a decision on debt consolidation, and in the framework of this, the state buys some of the debts of enterprises to commercial banks for 90 percent of their nominal value. The 19 billion forints is the book value of the debts—offered for the state to purchase—of these nine enterprises whose value has been coordinated with the banks. For the 90 percent of this, the banks affected receive state bonds to be repaid in 20 years and they have to write off the remaining 10 percent as a loss. As for the other side, namely the enterprises, the state gives the demands bought from the banks to the state ownership organizations (State Property Agency and State Property Management Corporation) that can decide on an individual basis, in a way determined by the government and depending on the development possibilities and expected economic situation of the given enterprise, what proportion of the debt they write off, reschedule, or convert to shares.

[Szondy] What are your plans for the remaining six months? Will you continue to work as if no government change were coming?

[Latorcai] In the interest of continuity, I think that this is my basic duty. Helping the structural change of industry and making proposals to operate the existing tools are our ministry's most important tasks. This work cannot be stopped because of the elections. For this reason, the implementation of the goals laid down in the industry policy concept continues to be among my plans. It is important permanently to stabilize the economic position of these 13 enterprises. The change of industrial structure and helping the development of new industries are the main tasks. Within the framework of credit and debt consolidation, the economic position of enterprises has to be stabilized, their reorganization assisted, and their ability to create profit and produce competitive goods helped to increase. Privatization has to be continued and, to achieve this, the enterprises have to be prepared for this. The nearest task in industry has already been started, namely the stabilization of increased industrial output and export performance. And, last but not least, we have to develop the regional economic propeller, namely the special relations and links between Munich, Vienna, and Budapest.

Prime Minister Pawlak Presents Program to Sejm

LD0811203593 Polish Warsaw TV Polonia Network in Polish 1515 GMT 8 Nov 93

[Address by Polish Prime Minister Waldemar Pawlak to the Sejm session in Warsaw—live]

[Text] Mr. President, Mr. Speaker: May it please the House, ladies and gentlemen.

The history of Poland did not begin either four or 50 years ago. We are inheriting the whole of its historic legacy, with all its weaknesses and successes. We shall do all in our power not to waste anything of that which is our common achievement, and to improve at least some of the things that ail us, which make development difficult, and which deprive us of full satisfaction in our achievements.

Our strategic aim is the development of the country in the intellectual, cultural, and economic spheres. Such a development will be ours when agreement and cooperation prove stronger than fighting, and when in our search for balance we will go further than in searching for domination.

Poland needs profound reforms but they must be reforms which are made with people and for people. Poles are realists and do not expect miracles. They do however want the authorities to treat them as partners, to tell them the truth, to draw realistic conclusions from that truth, to define intentions to match our strength and our capabilities. The first change to be announced by our government concerns methods and ways of working: pragmatism, being truly down to earth, calmly setting the country and the economy to order, and the dogged securing of our strength and of our independence.

The government does not intend to enter a race in tabling reformist ideas. We want to set our Polish house in order, like good landlords, and to calmly implement the reforms which are beneficial to our society.

May it please the house. The government, with the best will in the world, cannot ensure that all Polish citizens will be rich, but the duty of the government and of the state is to ensure that they have an equal start in life. So, a basic health service, general access to education, and social welfare for those most in need. The successes which each of us achieves in various areas of life will then depend on individual choices, on our talents, and on our perseverance.

We do not wish to treat expenditure for the needs of education, science, culture, and health as burdens on the budget, but as an investment for ourselves, one which would be subject to the same discipline, but which would also benefit to the same extent as other important investments. We want to view the good of the individual in harmony with the good of the country. The sovereignty, in particular economic sovereignty, the development and prosperity of a modern state, are strictly linked to its educational, academic, and intellectual potential.

The policies of the government will aim at effectively supporting the processes of social and economic transformation on the strength of a modern system of financing scientific research, and research and development. Those areas of science will be developed that represent a particularly high level on the international scale, those that serve the civilizational development of the nation, those that increase the competitiveness of Polish goods and services and also facilitate the creation of new jobs, and those that can constitute the specificity of our contribution to world science. The concern of the government will be to assure the appropriate budget resources in accordance with the guidelines for the scientific and scientific-technical policy of the state adopted for 1993, and also the introduction of economic and normative instruments decreasing the brain drain, stimulating a pro-innovative stance amid economic entities, and as a result leading to the practical exploitation of domestic scientific and technical thought.

In 1994 the government will initiate a public debate on the problems of the Polish school and its reform, including the professional status of the teacher. In cooperation with self-managements, we will strive for the profile of education to take into account changes in the economy and on the labor market. In regions with a particular intensity of youth unemployment, the government will support an increase in the number of grants available for education up to 18 years of age in place of unemployment benefits from 16 years of age. The intensified reform of technical education is indispensible. The development of various forms of extramural education is particularly important, including the retraining of adults.

For the purpose of improving the functioning of education, the debt rescheduling of all schools and educational facilities will ensue at the latest in 1994. The remuneration of teachers and careers officers will increase. In higher education, the straightforward reserves for development have been almost exhausted. The government announces the completion of the revision of the law on higher education and of the law on higher professional education, preparing specialists for the needs of the national economy. Conditions will also be created for linking various types of higher schools, and for strengthening their independence.

May it please the House. There was a time when, in the industrial era, our romanticism and unconventionality in seeking of solutions did not always favor successes. Now new times are ensuing. The world is ever more complex. Bold people are needed ever more, with imagination and temperament, who can find a solution in every, even the most difficult situation. Today, our Polish culture has matured out of the many experiences of various milieux, into which are entered the experiences of various nations. It could constitute a trump card in the race for the highest position among the nations of the world, if we are but capable of creatively exploiting it.

The government will address itself with the highest sensitivity to matters of culture. We will create the economic, financial, and legal conditions for the development and protection of Polish artistic creativity. The ambition of the government is for the works of Polish artists whose aim, as Stefan Zeromski said, is the perception and seeking out in the darkness of the road to happiness for one's own people, to become universally accessible to every Pole. The government will, through legal and financial moves, support self-government authorities, social organizations, foundations, institutions, and private persons, whose ambition is the dissemination of culture.

The rebuilding of the National Theater, which has played such a significant part in our past and recent history, will be speeded up. It will be a government concern that good books are available to everyone. All those who work in the most difficult environments and conditions may count, side by side with the leading cultural institutions, on special assistance. The government will increase its efforts toward fully protecting the cultural heritage of all peoples which historically have been creating the culture of the Republic. It will do everything to ensure that Poland's national cultural heritage, often unlawfully ending up outside the country's borders, returns to its rightful place.

Everything I have said requires new institutional regulations regarding the economic principles of the functioning of culture. Only a healthy society can build a strong and prosperous Poland. Regretfully the state of Poles' health gives rise to concern. Poles live five years less than citizens in the rich part of Europe. An epidemic of circulatory system diseases, with a rate of growth which threatens the biological strength of the nation, is growing. More than half of premature deaths among men aged between 35 and 65 is closely linked to smoking and alcohol abuse.

We can no longer continue to waste the great capital which is the health of the nation. Its protection will be one of the strategic objectives of the economy and an investment in Poland's future. In order for a national health care program to be realized, it not only has to find the right place among our intentions, but also the required resources in departmental, voivodship, and parish budgets. The health service itself, burdened with the effects of an unfavorable situation, is in a state of collapse. Too many reforms, their lethargy, and insufficient resources, have led to a state which requires radical action if we are to speak seriously about widespread public health care. It has to be quickly reoriented toward modern basic health care at the place of residence, which is generally accepted worldwide, early diagnostics, a standardized level of hospital medical services, and a modern life support system.

We cannot do everything at once. However, by focusing on the most important issues we can achieve a perceptible improvement for the vast majority of patients. We want to utilize the existing sanatorial base for intensive rehabilitation, to enable the sick to return to active economic and public life, instead of automatically retiring them on disability pensions. This will also have the effect of saving money earmarked for pensions, and at the same time provide employment in the spa regions.

Gradually we have to change the system of health care financing. In part it will still use the budget, but as quickly as possible we shall begin a gradual development of public health insurance based on honest agreements, defining the extent of the insurance. Insurance will make it possible to tie the financing to medical services and will be one way of preventing pauperization of the medical community.

To ensure healthy living conditions, which face such great threats in certain areas of the country, the government is going to implement the state ecological policy, the objective of which is to preserve the values and resources of the natural environment in Poland.

The implementation of these guidelines will generally depend upon the execution of environmental requirements in every socioeconomic activity within the country, and also on the appropriate policy being enforced with our neighbors. We will develop ecological education, the result of which ought to be the responsibility of every citizen to implement environmental protection in places of work, residence, and rest. In the present day, when the good state of the natural environment is so very valued, we see the development of tourism as not only an important area of the economy, but also an opportunity for a cultural opening to the world.

May it please the House. Expenditures on social policy will be treated as the practical fulfillment of the constitutional principle of social justice. The government will not treat these expenditures as an ordinary burden on the budget. Investing in man and his surroundings will be the social and moral injunction of the government. The highest priority tasks of the government will include the struggle against unemployment—that in the first stage ought to bring about a slowdown in the increase of unemployment—and next its reduction. The struglle against this phenomenon must be the injunction for all ministries and local government administration. The government will seek to introduce a statutory obligation of evaluating economic decisions, including ownership transformations, in the context of their consequences for the labor market. He who destroys jobs will have to bear the financial consequences and strengthening the funds for the creation of new employment possibilities.

Particular stress will be placed upon the reduction of unemployment among youth. Allowances will be introduced for enterprises employing graduates of schools and educational establishments. Assistance will be introduced in the form of state benefits for persons who have been deprived of work, taking into account the differential situation in particular regions. The universal welfare benefit system is inadequate. From day to day, despite

the enormity of the needs, only small corrections are possible. In the longer term, a deep reform of the system of social insurance is necessary. The government will present to the Sejm a draft for a comprehensive reform in this respect. It will ensure an improvement of the financial condition of welfare insurance by stabilizing the sources of finance and by redefining the organizational systems. This will require a clear delimitation between that which is financed by the budget and that which is financed by contributions paid for employees and the employer; and in addition, the separation of distinct funds for particular groups. The pension and annuities system ought to be subject to differentation, both as to the organizational form and also the methods of finance.

Alongside the system of welfare benefits guaranteed by the state, we will be creating conditions for the development of additional insurance. The system of family benefits will be subject to reform. Changes in ths system will have as their aim the concentration of assistance for families on low incomes. The government will propose to the Sejm the introduction of a social welfare minimum. It will be exploited as the criterion upon which the granting of state assistance to persons living below this minimum is dependent. We will be seeking to implement a mixed system of social assistance in which the initiatives of citizens, territorial authorities, and local self-governments are interlinked with the activities of professional government services. No citizen living in difficult times, in difficult living conditions, will feel lonely and deserted.

Many misunderstandings are noted by the reform of the administrative division of the country and also the shape of the administration and the role of territorial self-government. The intention of the government is to create conditions for the functioning of an efficient state administration and strong self-government, having at its disposal a wide range of prerogatives and real financial opportunities. Only such a self-government can be a significant partner for the state administration.

We will treat with great seriousness matters associated with the improvement of the state administration. We express ourselves in favor of a gradual, voluntary widening of the prerogatives of self-government parishes [gminy], including the takeover by them of schools. We want to improve central administrative offices, stabilize the officials employed therein, put in order public contracts, and strengthen the position of Voivodas.

We are carrying out a detailed assessment of a range and methods of implementing the so-called pilot program. However, work done so far does not allow the recognition of the idea of self-governing districts and possible changes in administrative division as fully prepared. The government will continue the work.

The law constitutes the foundation of the functioning of the state. Its fundamental reconstruction has been taking place for several years. The process will continue. Important codification projects will be undertaken. At the same time, we are going to draw conclusions from experiences so far. We have to put the lawmaking process in order. Its high quality, integrity, and clarity will be secured by utilizing the knowledge of all legal professions and by appropriate principles for creating legal bills by government.

The proper functioning of the administration of justice and guarantees for internal order and security are of undeniable importance. The independence of the judiciary and the courts, and political impartiality of law enforcement bodies will be absolutely respected. The government will try to secure proper conditions for the activities of these institutions.

People should not live in fear of losing their life, health, and property. In particular, it concerns criminal threats, armed robberies, extortion, highway robberies, and house burglaries. There is a need to strive to eliminate the causes and to cut organized crime and economic crime, to fight corruption, bank and tax frauds, money laundering, car theft, and drug manufacturing and trade. It is also necessary to strengthen protection of the borders in order to prevent goods smuggling attempts. A pressing issue is to work out a uniform policy towards foreigners violating Polish legal order. There will follow a speedy reinforcement of structures dealing with combating crime and responsible for protecting state and economic secrets.

To improve work effectiveness among bodies responsible for state internal security and public order, proper coordination is important with regard to the activities of courts, prosecutors, police, border guards, tariff and treasury offices, and central and local administration, including self-governing administration. We are going to ensure the possibility for effective work to all law protection bodies by opposing every attempt to exert pressure on them, in particular on prosecutor's offices and courts. We strongly oppose using these bodies against the opposition. We also believe that the opposition's activities will not overstep the legal boundaries.

The military enjoys great confidence in our country. The Army means not only defense and external security, but also the training of specialists and economic influence. We have always seen the Army as the guarantor of our independence. Today the armed forces are facing many difficulties, first of all financial. A minimal government program is aimed at stopping the decline in funding and at setting foundations for the gradual modernization of the armed forces. It will make their systematic development possible, as well as stable conditions for the arms industry, which is one industry that can compete with the world's industries.

Mr. Speaker, may it please the House. The supreme task in foreign policy will be to ensure that our independence and sovereignty are consolidated, and our standing in the international arena is improved. We will respect the

foreign policy goals defined in the assumptions of Polish security policy, signed by the president of the Republic. These are: Integration with the European Union [EU]; closer cooperation with and followed by membership of NATO and the Western European Union [WEU]; and the active rebuilding of bilateral relations and regional cooperation.

The state must pursue a foreign policy based on the generally recognized Polish raison d'etat. Inside, we have to speak with one voice. Although we assess our relations with our neighbors as good, we are still far from exploiting their great potential. No one in Europe understands as we do the political, cultural, and economic difficulties of our neighbors—Russia, Ukraine, Belarus, and Lithuania. History has given us a shorter period without a market economy and an earlier return to it. The government will make efforts to make it easier for Polish entrepreneurs to cooperate with the entrepreneurs in those countries, aiming at an increase in the demand for our products there, and an effective use in Poland of supplies from that economic zone.

Our economic relations with Poland's western neighbor, Germany, are taking an exemplary course. Economic exchanges between us are balanced. We believe that we have not yet exhausted all the possibilities.

We want to increase formal links, joint projects, dialogue, and events promoting a sense of reconciliation and friendliness with all our neighbors. We will aim for success in regional initiatives, in particular the Visegrad Group and the Baltic States' Council. We will take stronger, much stronger, account of economic matters in our external activities than hitherto. Polish economic interests must be guaranteed good promotion and protection abroad. In relations with the West, we will strive for political declarations to concur with everyday commercial practice. Thinking of the longer term, we remember about countries outside Europe. China and Japan are of particular significance. Poland's economic activity wil also be directed toward other countries in the Far and Near East.

Relations with the Holy See obviously occupy a special place. The government will create conditions for their best development. Appreciating the role of the Catholic Church in Poland and the historical reasons for this, we will take essential steps in the immediate future, in conjunction with representatives of the Holy See, to bring the ratification of the already signed Concordat to a successful conclusion.

The government will continue work on regulating the legal status of other churches. A prosperous and calm Poland, a Poland respected abroad, is the best present we can give our fellow countrymen scattered throughout the world. We believe that those who have been successful will never forget their villages, towns, and schools, which opened the gate to the world for them. Nor will we forget those Poles who live in countries poorer than Poland. Spiritual and material help will have to be organized for them, to strengthen in them the sense of being linked with the homeland. We must remember that in very many cases they are the descendants of those who paid the supreme price for their love of the fatherland.

We shall examine as a matter of urgency the numerous requests submitted by Poles from abroad to the Polish authorities, particularly those submitted at last year's congress in Krakow.

May it please the House. Naturally it is difficult to make an unequivocal assessment of the situation in Poland today. The outgoing government presented its assessment in a report on the state of the nation. We think that there is a need for an assessment of both the state of the country and the state of society. It is Polish society that has borne the burden of events experienced by us in recent years. Its hopes and unprecedented commitment have made possible, particularly for the first Solidarity governments, to carry out very painful operations on the body of society. However, social patience, although greater than the durability of other materials, has its limits. The strength of a bridge is not tested on its strongest span, or by the average durability of all the spans, but on the strength of the weakest span. It is the weakest span which determines the strength of the entire structure.

It is difficult not to notice such negative phenomena as a rapid fall in the trade balance, which may lead to a fall in the currency reserves, or growing unemployment; one must stress here that fewer and fewer people now are producing the national income, and more and more are participating in its distribution. Almost 3 million unemployed, not counting hidden unemployment, is becoming a dramatic problem, particularly when confronted with the state of the budget. The deepening crisis of the state budget is manifesting itself in a fast increase in inflexible payments, in repayments of domestic and foreign debts, and difficulties in financing the planned budget deficit. I shall discuss this in more detail later.

Another problem is growing hardship and poverty, particularly in areas of high unemployment, with the simultaneous growth of the so-called grey zone, which does not bring any income to the state budget. The previous government's avoidance of making many difficult decisions on prices, envisaged in the budget law for 1993, was motivated by the need to improve its political image before the elections.

Other problems are the deterioration in the citizens' sense of security, the deepening crisis in education, health care, culture and science, and shortcomings in the proper functioning of the state institutions, including law and order institutions, as a result of political interference.

Having come to the conclusion that the state of the country calls for an objective assessment, we shall approach parliament to provide such an assessment.

May it please the House. The new government is not asking itself the question of whether to continue the policy conducted up until now or to discard it altogether. We are, however, asking to what extent and in what way one can and should improve this policy. We are different from our predecessors, not because of the general objectives, but above all because of the methods, ways, and means of implementing the objectives.

We shall endeavor not only to protect but also increase the achievements which are fundamental to a market economy and to democracy. The idea of economic freedom has brought about a market equilibrium, made expenditure realistic, and resulted in a wide range of human enterprise and the departure from the economy of shortages. All this has created conditions for rational behavior among producers and eliminated time wasting by buyers. The internal convertibility of the zloty has created the foundations for opening the economy to the world and curbed monopolistic trends.

However, the rules of democracy have fundamentally limited the period of time when the authorities can afford departures from social control and support. The recent elections have been a very good example of this. All the achievements of recent years mentioned here are part of the quality transformation of the country which cannot be questioned. The present government will be guarding them closely.

There is, however, another side to this story: the social costs borne during the course of transformations. We believe that a significant part of these costs was a result of mistakes, including, above all, excessive dogmatism and insufficient pragmatism. I feel that without a pragmatic correction of the socioeconomic policy hitherto, it would be difficult to count upon the neutralization of the strong tensions in the country, which could question the very direction of market transformations. It is clear to the government that widening the margin of poverty and human hopelessness must not gain acceptance. Progress in market transformations cannot justify the pushing of ever wider groups of people into the margin of social life. The period in which the government was excellent and wise and during which society could not keep up has no chance of being repeated in a democratic state. [applause]

Continuing the systemic transformation, we wish to create the hope that the life of the average citizen will cease to be swept by forces that are independent of him. That unbreachable limits of social regress will arise, guaranteed by the state, and that opportunities will be created for a better future. The government coalition has carried out a series of program agreements that will be the basis of government activity and of the implemented economic program.

We have already familiarized the esteemed chamber with the protocols of these agreements. The highest priority will be given to export production. It must develop faster within all spheres of production, within all spheres of the Polish economy. This will increase our competitiveness and will allow us to enter into the international division of labor. The expansion of exports must be subserved to many monetary and fiscal policy solutions, including above all the system of state credit guarantees and investment allowances. Irrespective of active efforts for a quicker inclusion of Poland into the Western European structures, a clear imparting of dynamism to trade in an easterly direction is necessary, including the Far East, since opportunities for the development of Polish exports, including agricultural products and food, exist in these geographical directions. It is necessary to create duty free zones and special economic zones along the eastern border. Such a policy will favor the inflow of Western European capital by virtue of the facilitated access to eastern markets. We will run an active policy in this regard, assisting the state and private sector, through the creation of mutual institutions, guaranteed by the state, for the insurance of implemented transactions.

A key matter for the Polish economy and society in the coming years is the effective reform and leveling of the state finances. This task may be implemented solely along the path of economic growth, which growth will be possible as a result of a policy stimulating internal demand, especially investment demand, and also as a result of a fundamental change in the approach to the state sector. The policy of developing competition alongside an equal treatment of all sectors, within this foreign capital, will contribute toward improving management efficiency and not through the mass bankruptcy of state enterprises and loss of jobs by their workforces—that is also fatal for the finances of the state—but along the road of support, of modernization of enterprises, and the retraining of employees, supported by an active state policy.

It is necessary to assert that the situation in industry is ambiguous and complicated. Almost half of all enterprises achieve losses and some of them very low profits. Firms picking themselves up from bankruptcy are in turn stifled by the debt gap. Despite a certain growth of industrial production observed this year, it continues to be around 30 percent lower than in 1989. In this situation it is necessary for the government to introduce an active industrial policy, with attention being paid to the most important problems today and tomorrow of restructuring industry, especially mining and defense industry plants. The composition of industrial policy will also include an approrpiate export-inducing policy, and tied through ownership transformations to concern for the state of employment.

For a long-term increase in economic growth, human capital has fundamental significance. One of the highest priorities of economic policy will be to counter unemployment. That is why primary attention must be given to investments creating new workplaces, mainly in the export sector, and also surrounding agriculture. We will be seeking the inclusion of Poland in the so-called European program for growth. The system of retraining

the labor force and also the stimulation of small entrepreneurship will also have much significance, inter alia through widening the range of investment allowances and special economic zones in regions with high unemployment. Industrial policy will take into account the support of those branches that will create additional jobs, simultaneously increasing the competitiveness of Polish industry on an international scale.

An improvement in the functioning of the infrastructure has a key role for the increase and improvement of efficiency, and thus also for increased budget inflows. The further development of transport and telecommunications is particularly important. In addition, of great significance is the fact that, in creating and developing the network of road and railway communications, we write ourselves into the Pan-European network of transport infrastructure. This is of great significance in view of the constantly increasing level of international cooperation in transport, especially in transit shipments.

We have to intensify the program of building freeways and associated services infrastructure. The year 1994 will be the first year of implementing the program of building toll roads. In this respect the government intends to create mechanisms which will make nontraditional financing of road construction possible. I am referring to participation by domestic and international financial organizations, professional investors, and others who are interested in investing their resources in road construction.

The government is concerned at the difficult financial and economic situation of the Polish State Railways [PKP], LOT [Polish Airlines], and the largest oceangoing shipowners. Improving this situation requires decisive restructuring work in these enterprises.

In consideration of the strategic role of communications in the social and economic development of the country, we express our will to continue developing this branch of the economy. Special attention will be paid to a systematic improvement in the quality, innovation, and accessibility of telecommunications and postal services, including for the rural population. The government is also going to create conditions for more active involvement by various branches of Polish industry in communications development.

In the last few years the system of food security, which existed for many years, has been demolished, and the country's food self-sufficiency has been thrown off balance. Poland has become a net food importer in spite of unfavorable production conditions [as heard].

The problems of agriculture stem from the present insufficient domestic and external demand for agricultural produce. In forming our strategy for agriculture we have to consider not only labor productivity in agriculture itself, but also the effect of the strategy on national unemployment, as well as on the housing market and social expenditure from the budget. With high unemployment, errors in agricultural policy could easily lead to a growth in the areas of city poverty.

Opening up to dishonest competition from agricultural and food imports is nothing but a concession to growing unemployment. It is our own fault that we have lost a great many jobs in agriculture and the food industry, and wasted many billions of dollars which, instead of being used for importing technologies and modernizing the economy, have been destroying our jobs.

The government is going to adapt to the principles which prevail in the world markets. In this connection we are going to strive toward a level of market protection similar to that in other countries. It is in the interests of consumers and farmers to strive toward a decisively greater degree of stability in the agricultural market and toward limiting the effects of production and price fluctuations. The government is going to strive for a significant increase in intervention procurement and sales, growth in agricultural reserves, and the effective management of these reserves on the domestic market.

In the present situation the possibilities to provide greater resources from the budget for agriculture are limited. That is why it is necessary to use them rationally. This will in a short time produce a concentration of increased state assistance in selected areas. For instance, agricultural credits with subsidized or capitalized interest could play a decisive part here.

The government is going to bring about a strengthening of the market and market institutions through a reduction of agricultural environment debs and organizational changes in relationships between significant enterprises. Privatization of the agricultural environment will be carried out with farmers' participation. Priority should go to sales or the lease of land from the former State Agricultural Farms to farmers and employees. Employees of the sector should have a significant share in the privatization of the agricultural environment. Issues of agricultural and food products in foreign trade will be solved in an integrated manner, ensuring competitiveness of Polish food. All these actions should make it possible to improve today's difficult production and profits situation in agriculture.

The government fully appreciates the importance of the maritime economy's Baltic and long-range fisheries sector, which is an important component of the national food economy. We declare our help and care. It is especially important to resolve the issue of our fleet's operation in international waters. This is demanded by the situation of the Polish ship owners; we also need to formulate specific undertakings for stimulating the Polish maritime economy.

Another area to provide growth in production and employment should be construction. This is also to be an instrument for boosting trends toward savings and reducing unemployment, including in small towns and in the countryside. The government is going to propose the

introduction of regulations which would make it possible to bring in an efficient construction market. The government will promote the powers of local self-governments and new opportunities to combine budget resources with their own resources—labor or environmental funds—for the social infrastructure and local housing programs. Alongside house purchase loans there will be contracted loans institutions.

At the same time we will pursue a policy of countering pathological phenomena in the area of construction by restricting the grey sector, in order to protect the legal labor market, and of introducing obligatory tender principles for building works financed from public funds, with controlled bidding conditions.

May it please the House. Strong promotion by the state of exports, investments, and infrastructural orientations is going to demand greater financial outlays, equally foreign and domestic, including budget resources. The government is going to take steps to increase domestic savings. But the country's internal possibilities are limited. That is why it is necessary to ensure an influx of foreign capital from private sources and international financial institutions. The government will examine proposals profitable to foreign investors, decisions concerning the possibility of buying or long leasehold property, including nonagricultural land, and will ensure stability of legal provisions in this respect.

The quickest possible agreement on reducing part of our debt with the London Club is a condition for the influx of capital, especially for direct investments creating new jobs, and for transferring modern management technologies. Poland will continue talks with commercial banks and members of the London Club for the speedy normalization of mutual relations. An agreement on debt rescheduling and reduction has to be realistic. However, that is to suit Poland's short- and long-term payment capabilities, and to be comparable with other agreements on debt reduction concluded by Poland.

Poland will continue good cooperation with international financial organizations and will use their funds for the implementation of objectives in accordance with our economic priorities. We attach particular importance to cooperation with the World Bank, the IMF, the International Financial Corporation, the European Investment Bank, and the European Bank for Reconstruction and Development. This policy should lead to consent by the Paris Club with regard to carrying out a second stage of reducing the Polish debt.

May it please the House. The government will continue the process of ownership transformations without dogmas and prejudice, seeing it as an instrument serving to improve economic effectiveness and consequently the improvement of the peoples' financial situation. The ownership transformations should be clear to people and approved by them. It is necessary to clear the bad atmosphere surrounding privatization, more efficient protection of state treasury interests, and clear and precise procedures.

Improving the conditions of enterprises and industries requires capital support, adapting modern methods of organization and management, and opening up to new markets. A condition for success is the participation of managers and workers in ownership transformations. This condition has been included in the state enterprise pact and in the government program of national investment funds. In order to implement the program we need clear support from international financial institutions, as well as management contracts and the structured sale of companies to Polish investors. The government will strive for ownership transformation going hand in hand with improving economic relations with the state sector. In the shortest possible time after approval of the budget by the House we shall put forward a draft system for managing this sector.

An important task will be to adapt a departmental structure to the requirements of a market economy. Equally important is the creation of equal conditions for effective activity among all economic entities in a market economy. A market economy demands respect and guarantees for ownership rights. A long period of time and a great deal of effort is required for that. The law on reprivatization is going to be a symbolic step on this path. Within the state capabilities it will be a form of compensation for wrongs and confirmation of ownership rights.

A proper budgetary policy is a tool toward the implementation of the listed priorities of economic policy and also a safeguard for a stable system of state finances. The government is aware of its responsibility in this sphere. While shaping a budget for 1994, it will strive to reduce inflation and set a budget deficit at a level which would not limit the capabilities for crediting economic activities and would not cause the cumulation of debt repayments to banks in the next years. I want to stress here: While it is possible to discuss whether and to what extent positive processes are taking place in the economy today, there is no doubt that the state of the budget is dramatic.

The economic policy of previous governments created a sequence which disoriented the state of public finances. First as a result of stifling output, especially in the state enterprises, and because of too heavy a tax burden there was a sharp drop in the revenue of the state budget. The drop was extended by a systematic expansion of the so-called grey zone, that is a sphere from which, legally and illegally, there was neither tax nor tariffs for the budget. Successive governments tolerated this state of affairs, and every attempt by the opposition to counteract the threats were treated almost as an attempt against economic liberties. [applause] Next, trying to avoid the collapse of the budget, there were systematic cuts in expenditures on education, health service, science, culture, and also on social benefits, including old age and disability pensions. For four years there were no

reforms of the insurance system, health protection, and education system, which in a rational way and not by drastic expenditures cuts, would reduce the functioning costs of these socially important spheres.

The decisions to reduce expenditure were made without the proper legal preparation, which bore fruit in numerous Constitutional Court rulings, and which later became a burden on the budget. The resulting lack of concern for budget revenue was the rapidly increasing state budget deficit, covered by bank credits. The interest on these credits snowballed and in 1994, the budget will have to pay the banks the sum of around 85 billion zloty, more than the annual salaries of all teachers, doctors, civil servants, and other public employees.

This is the measure of the success of previous and earlier governments, and this is the legacy which the government I represent has inherited. Despite this, the government thinks it essential to raise real wages in the budget sector in 1994, making simultaneous efforts during further work on the budget [words indistinct] so that the ratio of these wages in the material sphere, of these wages related to wages in the material sphere, reach the level of 90 percent.

The goverment also wants to guarantee a real increase in the lowest old age and disability pensions by raising their ratio in 1994 to.... [pauses] The average wage from 35 to 38 percent and increase the remaining pensions more quicky than the price increase index, trying during further work to acccelerate that increase additionally, by setting index-linking in 1994 at at least 93 percent. In this way, gradually but consistently, the goverment intends to implement the election program of the parties which make up the coalition. The essential social package should also include the already mentioned reform of family allowances, which consists of raising them and focusing them on low-income families, and of introducing additional housing benefit for the poor, in conjunction with an increase in reduced rents in local authority housing.

The government will submit the appropriate bills to the Sejm in both these areas. In the immediate future, we envisage submitting a package of legislation to the Sejm increasing the state budget revenue in 1994. We will be looking for revenue primarily from those people who should pay taxes and who do not. It will also be essential to modify the tax system so as to spread the tax burden more fairly than hitherto. Not everyone will receive these proposals with enthusiasm, but this government—in contrast to the previous one—thinks the protection of the poorest and social solidarity to be an important principle of its activity. [applause]

The government sees the tax system as an important economic instrument. With this aim, income tax investment concessions will be broadened, tax regulation discriminating against state enterprises will be eliminated, and a mechanism will be worked out for reducing the budget debt weighing on some economic entities because of taxes which have been abolished. Premises will therefore be created not only for the repair of public finances, but also for economic development.

A customs police will be created and the economic law will be amended, thanks to which smuggling and the non-taxpaying so-called grey zone will be curtailed. Previous experience with imposing tax on the population's personal incomes shows that it will be essential to simplify tax procedures and documentation. To increase the effectiveness of the struggle against the grey zone the computerization of the customs and tax authorities will be speeded up.

The goverment attaches great importance to the rapid introduction of universally binding principles for public purchases by budget units. This will enable many unnecessary costs and increased expenditure on financing key projects in the social services to be avoided. Public administration expenditure policy will be particularly economical. Before the end of the year, the government will try to lower the indebtedness of budget units.

The prices of energy carriers will remain under government control, because they jointly decide on production costs in other branches of industry and have considerable influence on household budgets. Their formation will take the entire national economy into account; this means they should take account of the interests of suppliers as well as consumers, which also means a slower than hitherto, but still inevitable, updating of the prices of all energy carriers.

An effective economic and budget policy requires good cooperation between the government and the National Bank of Poland [NBP]. The government's first days in office have showed that such cooperation is possible. It is also vital, on account of the joint need to develop and strengthen the banking system in Poland—including the vital need to correctly introduce the so-called debt clearance act and to create institutions—to insure the population's bank deposits. The government will support the development of a capital market, regarding it as an important factor engaging internal and external savings in investments in strong Polish enterprises and banks.

May it please the House. In seeking solutions that would lead to the dynamic development of our economy, we count on the practical knowledge and cooperation of Polish entrepreneurs. We will make every effort so that their initiatives, both those presented earlier and those that are still manifest, are efficiently implemented. This covers, for instance, privatization by instalments, the guarantee fund, the system of investment allowances, and solutions intended to make possible the concentration of capital in the group, [pauses] in the form of holding groups and others.

The government will work so that improvement, a better situation, is felt in every Polish home. Then there will be no discussion over indicators, numbers, because our sacrifices, our joint work, will find confirmation in our

joint successes. It is possible to prepare good laws and to make structures more efficient. If people with their knowledge, experience, and willingness to be active are lacking, structures will be dead letters or will be transformed into their opposites. Declaring our own intentions, the government counts on the cooperation and assistance of all society, proportional to the possibilities of everyone at his workplace.

Ladies and gentlemen, Mr. President, Mr. Speaker, may it plase the House. In the life of the people, of societies, and states, various times ensue. Easy ones and difficult ones. There were also the times that marked the loss of our grandparents and parents. While wining the war militarily, we lost it politically. And there came a time when several generations of Poles could not fully take advantage of democracy and freedom; such were the realities of this world. Today, on the road of democracy and free elections, we can specify our own future. Democracy does not signify just the straightforward will of the majority. It also signifies respect for the laws and the views of the minority. Cooperation between all milieux is necessary, firm and demanding, even severe, but on specific matters, with respect for the principles of equality, so that even the weakest do not feel unnecessary or hurt, so that even the strongest is not convinced of his impunity. We can afford Poland to be a strong country, that everyone of us find, here in Poland, his happiness and his success. This depends upon all of us, upon our work together, upon whether we are capable of taking advantage of all our trump cards, upon whether we can overcome faults. History has given us a rare present, a few years of calm. When others are wrapped up in themselves, we have time to put ourselves firmly on our feet. If we do not take advantage of this window in history we can only complain about ourselves. One can seek great words, but it is best to speak in simple language about fundamental matters. And here, before the esteemed House, before society, we can once more repeat the words of the oath made before the president, about keeping faith with the provisions of the Constitution, that the good of the Republic and the success of citizens will for us always be the highest instruction.

Mr. Speaker, may it please the House. I submit a resolution for the granting of a vote of confidence to the government appointed by the president. Thank you. [applause]

Walesa: Pawlak's Program 'Difficult'

LD0811195893 Warsaw TVP Television First Program Network in Polish 1830 GMT 8 Nov 93

[Relayed by TV Polonia Network]

[Text] President Lech Walesa has assessed the program that Waldemar Pawlak presented in his address as ambitious but difficult to implement. The president said that he was going to help the right, which was now being reborn, and would try to take its place until its return to parliament. The president told journalists that he agreed with the main points of the address.

[Begin Walesa recording] It is an ambitious program, and it is possible to like it. However, it will be very difficult to implement. [end recording]

Lech Walesa said that he would try to take the place of the right-wing parties now that they are absent in the Sejm in its second term in office.

[Begin Walesa recording] I shall listen to the right people [intended pun—laughter] and I shall translate what they have to say into legislative forms, conservative forms, and forms of participation, and so on. [end recording]

The president also said that, if needed, he would help to unite the right.

Opposition Figures Criticize Speech

LD0811211593 Warsaw TV Polonia Network in Polish 1830 GMT 8 Nov 93

[Text] The expose of Premier Pawlak has been positively assessed by Ryszard Bugaj, leader of the Union of Labor [UP], a party that did not enter the coalition but has a Minister of industry in the government. On the other hand, opposition politicians accused the expose of being too general and of being chaotic.

[Correspondent Tadeusz Lis, identified by screen caption] Ryszard Bugaj said that the promises toward the budgetary sphere contained in the expose are capable of being implemented.

[Ryszard Bugaj] We find therein numbers of things that are close to us. Lacking in this speech, as I judge, is a very clear outline of the future government's programmatic ideas. It seems to me that there is a gap between the declaration of certain values and these specific things that the premier then enumerated in turn.

[Lis] According to Leszek Moczulski, the expose was very detailed, but simultaneously very general.

[Moczulski, Confederation for Independent Poland] A certain political line was outlined. This is a political line that is most clearly, as the premier said, one of linking the past four years with the 50, and so of linking, of the calculation of the statistical average, of democratic Poland and the Polish People's Republic. The KPN is against such a line and will be, in opposition.

[Lis] Jan Maria Rokita judges that the expose was inconsistent and chaotic.

[Rokita, Democratic Union] It was very severely critical in relation to the previous government, and in essence did not contain new ideas, apart from those that were already formulated, either in the previous government or elsewhere. It seems to me that it is also contradictory in the economic sphere. But this must be looked at in detail. In general terms, very weak.

[Lis] Jan Krzysztof Bielecki is surprised by the fact that Waldemar Pawlak, in naming the largest economic partners of Poland, omitted the United States.

[Bielecki] Premier Waldemar Pawlak, in his expose, expressed the hope, the dream, of an opportunity to increase the efficiency of rule through greater power for bureaucrats, for the administration. Rather than share this power with the citizen, the entrepreneur, with the parish, he attempts to centralize this power, to strengthen this power of the administration. And this in my conviction is this old, good melody of the socialist utopia. That to be sure sounds very pleasant to the ear, but on the other hand was never implemented in practice.

[Lis] Tomorrow there will be a six-hour debate on the expose in the Sejm.

Given the enormous majority of votes that the coalition members have in parliament, the most important weapon of the opposition is words. To be truthful, it will only be possible to judge the actions of the government in a few months time, and then it will transpire whether the opposition politicians will say that things are not as bad as they judged, or whether they will have the full basis upon which to begin with the words: Didn't we tell you so.

Kwasniewski Calls For '80 Calm Days' for Government

AU0911092193 Warsaw PAP in English 1812 GMT 8 Nov 93

[Text] Warsaw, Nov. 8—Aleksander Kwasniewski, leader of the parliamentary caucus of the Democratic Left Alliance (SLD), the largest caucus in the present parliament, on Monday [8 November] appealed to fellow SLD deputies for 80 calm days for ministers of the new government.

Kwasniewski, addressing SLD caucus meeting, stressed once again that the SLD has to support the government, and that anyone who has any doubts as to the cabinet's efficiency and directions of its activities should discuss them before Sejm (lower house) meetings and not during plenary sessions.

Prime Minister Waldemar Pawlak, attending the meeting, briefed the caucus on the main points of his expose and hoped that all circles forming his government would have a possibility to reach common solutions while avoiding conflicts.

Construction Minister Barbara Blida told SLD deputies that she would continue the work of the previous government, while Wieslaw Kaczmarek, the privatization minister, said: "I hope that you will not make me take a step back." He added that not all was so bad in the ministry which he now heads. The Ministry had a bad information policy, he noted.

Labour Minister Leszek Miller told the caucus that he faces a number of heated disputes with the finance minister, adding that welfare expenditures should be treated not as "costs but as a goal... As an investment in people leading to an improvement of Poland's economy."

The SLD deputies elected Longin Pastusiak, Ewa Spychalska, Danuta Waniek and Ryszard Jarzebowski deputy chairmen of the SLD caucus. Waclaw Martyniuk was elected the caucus secretary and Zbigniew Siemiatkowski its spokesman.

Solidarity Calls For Meeting With Government

LD0811181893 Warsaw PAP in English 1446 GMT 8 Nov 93

[Text] Gdansk, Nov. 8—The presidium of Solidarity's national commission has decided to make public the text of the union's reply to Labour Minister Leszek Miller's proposal of a meeting with Solidarity leadership.

"In connection with the lack of the government's response to our stand number 19/93 we do not see the need of holding a meeting on November 5 [date as received]. However, we do see the necessity of such a meeting at a place and time agreed between the Polish Government and the union," the text of the union's reply reads.

Solidarity is waiting for a meeting during which the government representatives could present to the union a time-table for and the manner of the implementation of decisions agreed with the union. Solidarity also expects the prime minister to present his stand on the issue during his expose.

Czech Prime Minister Klaus Arrives for Visit

Vacaroiu, Klaus Give Statements

AU0711194193 Bucharest Radio Romania Network in Romanian 1800 GMT 7 Nov 93

[Statements by Romanian Prime Minister Nicolae Vacaroiu and Czech Prime Minister Vaclav Klaus at Bucharest Otopeni Airport on 7 November; Klaus speaks in English with superimposed translation into Romanian; translated from Romanian—recorded]

[Text] [Announcer] Vaclav Klaus, head of the Government of the Czech Republic, accompanied by his wife, arrived in Bucharest today on an official visit upon an invitation extended to him by Romanian Prime Minister Nicolae Vacaroiu.

The Czech guest was welcomed at Bucharest Otopeni Airport by the Romanian prime minister and wife, ministers, and other officials.

Here are the statements made today at Otopeni Airport by the Romanian prime minister and by the head of the Government of the Czech Republic, upon the latter's arrival in our country:

[Begin Vacaroiu recording] First of all, I would like to state that I am greatly pleased with this official visit of the head of the Czech Government Vaclav Klaus to our country. This is a particularly important event because, we believe, it will represent a new stage in the development and expansion of bilateral relations between Romania and the Czech Republic.

Certainly, we will also approach issues regarding the economic situation and ways of carrying out reforms in Romania and in the Czech Republic. We will also discuss a number of issues regarding international relations. At the same time, there will be an important event, namely, on this occasion we will sign a number of very important accords for the future of the bilateral relations between Romania and the Czech Republic.

The fact that between our countries are traditional and friendly relations and there are practically no divergent points, allow us to approach and discuss all problems with greatest openness and frankness during this visit that the head of the Government of the Czech Republic is paying to our country.

Certainly, tomorrow, toward the end of this official visit we will have the opportunity to inform the press, radio, and television about the results of meetings that we are going to hold in the coming two days. [end Vacaroiu recording]

[Announcer] And now here is the statement made by the Czech Prime Minister Vaclav Klaus:

[Begin Klaus recording] I express heartfelt thanks for the invitation and I am very happy that I am again in Romania. I was in Romania several years ago when I visited the Black Sea coast.

When I left Prague, I was asked what was the purpose of this visit. I said that the purpose is very simple. In the past the former communist countries pretended that they were not very familiar with realities in these states. Currently, there are opportunities to get mutually familiar with these realities. I believe that the representatives of these countries do not have to travel constantly to Paris, London, and other capital cities, but to travel more frequently to Prague and Bucharest.

I would like to present a number of changes that have taken place in our country, that is, the transformation of our country from a communist country into a country with a developed, advanced democracy.

I believe that we have a number of results that might be used in many other countries. I have also come here with the wish to listen to and at the same time learn from the Romanian experience. I suppose that together with your prime minister and with President Ion Iliescu, whom I have met a few times, we will be able to discuss a number of issues regarding our bilateral relations on the basis of the idea that, indeed, between Romania and the Czech Republic there have not been and there are no problems whatsoever, and we expect these discussions to be most interesting. [end Klaus recording]

Klaus on Future of Postcommunist States

AU0811091293 Prague CTK in English 0741 GMT 8 Nov 93

[Text] Bucharest Nov 8 (CTK)—Czech Premier Vaclav Klaus told CTK last night that he was categorically opposed to the division of the former communist countries into good and bad ones, as practiced by some Western politicians.

Klaus arrived in Bucharest on Sunday [7 November] for a two-day visit.

The Czech Government believes that each East European country, including Romania, has its specific problems and must solve them in its own way, Klaus said.

The Czech Republic wants to resume completely normal relations with all post-communist countries. It tries not to reject completely its contacts with the East, which were overestimated in the past, Klaus stressed.

At a Sunday meeting with the Democratic Union of Czechs and Slovaks in Romania, Klaus showed great interest in the situation of the Czech minority.

An extension of aid in the spheres of education, culture and travel was agreed on at the informal meeting. From now on, a membership card of the Democratic Union of

Czechs and Slovaks in Romania should remove all possible problems faced by their holders on the Czech border.

This morning, Klaus will meet with Romanian Premier Nicolae Vacaroiu. Later he will lecture at the Bucharest Academy of Economic Studies on the success of the Czech Republic's economic reform, and will meet with Romanian President Ion Iliescu.

At the close of Klaus's visit, inter-government agreements are to be signed to promote the two countries' economic relations.

Vacaroiu, Klaus Conclude First Talks

AU0811132693 Bucharest Radio Romania Network in Romanian 1100 GMT 8 Nov 93

[Text] We have received the following news from the Romanian Government's spokesman:

During the first round of official talks held between Romania's Prime Minister Nicolae Vacaroiu and the head of the Government of the Czech Republic Vaclav Klaus, which took place this morning at Victoria Palace, the sides discussed the guidelines of the new general framework of bilateral relations.

The two-day official visit of the Czech prime minister to our country is a very important step for placing these relations on a new foundation and it also occasions the signing of two commercial accords and of a memorandum on the establishment of free trade between Romania and the Czech Republic. Another eight accords that are about to be finalized will give a clear aspect to this framework and the future friendship and cooperation treaty will be signed on the occasion of the visit that the Czech President Vaclav Havel will pay to Romania.

Reviewing the major stages of the implementation of the economic reform process in our country, with its inherent difficulties, Mr. Vacaroiu stressed the special interest with which Romania studies the very interesting experience of the Czech reform, one of the very few that have registered good results. Certain solutions, mainly those connected with the issue of privatization were assessed as very useful for us as well. Romania has a major interest in developing relations with the Czech Republic and cooperation within a broader, European framework has every chance of creating in our geographical area a bridge of support and stability.

The guest gave a comprehensive and pragmatic description of the way in which he sees the expansion of the Romania-Czech relations in the future. The signing of the memorandum on the free trade between the two countries will not only be useful for the development of commercial relations but will also be a signal for Europe about an understanding between us. The future treaty of friendship should be flexible and pragmatic in order to answer the requirements of our current era. Within this context Mr. Klaus stated that the idea of a Europe without borders, a world without identity is premature. On the contrary, Eastern countries are returning to the idea of nation, after decades of proletarian internationalism. Theories aimed at emphasizing the rights of minorities in Europe today would have no other effect than destabilization on the continent, said the Czech prime minister.

In order to build relations of friendship and cooperation on a healthy basis, the two sides convened to urgently solve the outstanding balance in transferable rubles that Romania owes the Czech Republic, through delivery of goods.

During the meeting the Romanian prime minister was invited to visit the Czech Republic. The dialogue will resume this afternoon when the second round of official talks is scheduled, and the three commercial accords will be signed, the report faxed to us by the Bureau of the Romanian Government's spokesman notes.

Klaus 'Fully Satisfied' With Visit

AU0811212093 Prague CTK in English 1621 GMT 8 Nov 93

[Text] Bucharest, Nov 8 (CTK)—Czech Premier Vaclav Klaus today told CTK he was fully satisfied with the course of his visit to Romania thus far.

Klaus was speaking after the first round of talks with Romania's Premier Nicolae Vacaroiu which concerned the broadening of Czech-Romanian relations and the intensifying of trade and economic cooperation.

The two premiers acquainted each other with the course of economic reform in their countries and came to agreement on many points. Three inter-governmental agreements will be signed at the close of today's talks. These will be an accord on the prevention of double taxation and an agreement on support and mutual protection of investments. The third document - a memorandum of intent - will express the two countries' intention to create a free trade zone effective in 1998.

According to information obtained by CTK from a member of the Czech delegation, Klaus made it clear to the Romanian side that the Czech Republic was ready to speed up the creation of a free trade zone by several years. The signing of such an agreement would considerably ease trade and would decrease the number of commodities on which taxes are imposed or lower these taxes far below the normal level. In this connection Premier Vacaroiu expressed certain apprehensions that over-rapid liberalization of trade would have a negative impact on some Romanian producers.

The second round of talks between Klaus and Vacaroiu will take place later today.

Melescanu Meets With Klaus

AU0811203193 Bucharest ROMPRES in English 1846 GMT 8 Nov 93

[Text] Bucharest ROMPRES, 8/11/1993—Vaclav Klaus, prime minister of the Czech Republic, met Monday, November 8, with Teodor Melescanu, minister of state, minister of foreign affairs.

The parties made proposals for the creation of a consulting structure formed by the countries associated to the European Union, aimed to speed up their admission. Issues were debated related to security in Europe, evolutions within NATO, about the Russian Federation, and the Balladur stability proposal.

Subregional matters were also tackled, primarily Romania's links with the Central European Initiative and their prospects.

Vacaroiu, Klaus Sign Accords

AU0811211493 Bucharest Radio Romania Network in Romanian 2000 GMT 8 Nov 93

[Excerpts] At the invitation of Romanian Prime Minister Nicolae Vacaroiu, Vaclav Klaus, the prime minister of the Czech Republic, has paid a two-day visit in Romania. [passage omitted]

This afternoon the two prime ministers held a second round of talks, after which Vacaroiu and Klaus signed the following documents: The Accord on the Avoidance of Double Taxation, the Accord on the Mutual Promotion and Protection of Investments, and the Memorandum on the Liberalization of Commercial Exchanges Between Romania and the Czech Republic.

The new bilateral friendship and cooperation treaty will be signed during the visit that will be made to Romania by Vaclav Havel, the president of the Czech Republic.

After the signing of the documents, the two prime ministers met with representatives of the media.

Klaus left Bucharest this evening.

Melescanu: U.S. Presence in Europe 'Very Important'

BR0811140993 Groot-Bijgaarden DE STANDAARD in Dutch 6-7 Nov 93 p 4

[Article by Mia Doornaert: "'Romania Is Having a Hard Time, But We Had To Start From Scratch'—Interview With Romanian Foreign Minister"]

[Text] Strasbourg—Romania was solemnly welcomed as the 32d member of the Council of Europe in Strasbourg last week. Foreign Minister Teodor Melescanu, who attended the meeting, told us that the membership of this cooperative body of democratic countries is a "support and amplifier" for reforms in Romania.

In spite of his busy schedule, the tall quinquagenarian—a career diplomat who represented Romania in the United Nations and other organizations—is making time for interviews. He is aware that Romania does not have a very good reputation, and he takes the time to explain his country's specific problems over and over again.

"Compared to the other Central and East European countries, we may not be scoring too well. However, if one considers our former situation, we have gone a very long way. One should not forget that most other East European countries had already initiated their reforms within the communist system: Hungary already under Janos Kadar, Poland as well, and even the Soviet Union under Mikhail Gorbachev. Under Ceaucescu's dictatorship, no action was possible in Romania."

According to Western observers, the privatization of industry is proceeding too slowly. Melescanu retorts: "In 1990, the private sector's share in industrial production was zero percent; now it is already 30 percent. The government has taken important measures this year. On 1 May subsidies for basic products were abolished, on 1 July VAT was introduced, on 1 August prices were fully deregulated, and meanwhile exchange rates were also decontrolled."

All these measures are "necessary," Melescanu says, but they have very painful consequences for the population, because they stir up the already high inflation (over 200 percent a year), and further erode the already limited purchasing power. "After all, we must also consider social repercussions, otherwise we might end up in the situation of the surgeon who finds out that the operation is successful, but that the patient has died."

The membership of the Council of Europe imposes obligations and checks upon Romania regarding proper treatment of minorities, especially of the large Hungarian minority. Melescanu admits that the implementation of new regulations for the benefit of minorities is far from perfect. "However, this is due to our general development. One can hardly expect a perfect system for minorities in a country where the development toward effective democracy is still in full progress."

In Melescanu's view, the problem of minorities cannot be solved by changing the borders, which in his opinion is clearly demonstrated in the former Yugoslavia. "At present, there are two independent Romanian states, our country and (the former Soviet republic of) Moldova. After World War II, part of the Romanian territory (Bessarabia) was annexed by the Soviet Union, and is now part of Ukraine. We do not think that these borders should change, we believe that the solution lies in European integration, which stimulates cooperation and exchanges."

In his opinion, all European countries which cling to democratic values and which also live up to them should be admitted to all European organizations. "If one continues to think in terms of the extension of NATO

and EC borders to Central Europe, one is still stuck in the old dogmas. One should think in pan-European terms."

Melescanu says that his country, which has an association agreement with the EC, aims at joining the European Community as well as NATO. He says that NATO should be adjusted, but like all other countries of Central and Eastern Europe, Romania also believes that the preservation of NATO, i.e., of U.S. presence in Europe, is very important.

Europessimism

The Council of Europe as a first shelter and as a "catalyst" of democratic reforms; the EC as an organization for political integration; and the WEU [Western European Union] as the core of a European security system. From the meeting with Minister Melescanu it appears once more that, while the EC countries are lingering in Europessimism, European integration is a beacon of hope and progress for the countries of Central and Eastern Europe.

Melescanu, U.S. Envoy View Trade Accord

AU0811150093 Bucharest Radio Romania Network in Romanian 1100 GMT 8 Nov 93

[Text] The Romanian-U.S. trade agreement has come into force today. It reestablishes most-favored-nation status for Romania.

At the headquarters of the Ministry of Foreign Affairs, Romanian Foreign Minister Mr. Teodor Melescanu, and U.S. Ambassador in Bucharest Mr. John R. Davis, Jr., exchanged diplomatic notes between Romania and the United States regarding the confirmation of the conclusion of all legal procedures in connection with the coming into effect of the Romanian-U.S. trade agreement.

At the end of the ceremony, the Romanian minister of foreign affairs and the U.S. ambassador made brief statements exclusively for our radio station.

Mr. John R. Davis, Jr. said that thus opportunities were open for close economic and political relations between Romania and the United States. He also emphasized that our country has a great deal to offer to U.S. investors and tradesmen.

On the other hand, the Romanian foreign minister, Mr. Teodor Melescanu, described this event as a confirmation of the resumption of the Romanian-U.S. partnership in economic questions and trade exchange. Mr. Melescanu then added that the new trade agreement, signed today between Romania and the United States, represents a very clear signal on behalf of the U.S. Administration of recognizing certain developments that have taken place in our country and of encouraging the continuation and acceleration of the democratic process in Romania.

In concluding his statement, the Romanian minister of foreign affairs stressed the particularly important role played by the U.S. Embassy in Bucharest and Ambassador John R. Davis, Jr. personally in the reestablishment of the most-favored-nation status for Romania.

Also today, Romania's negotiations with the IMF will be resumed in Washington regarding the second installment of the loan for structural adjustment, our press correspondent Mircea Podina has informed us. For Romania, the current round of negotiations is being attended by Messrs. Mircea Cosea, state minister and president of the Council for Coordination, Strategy, and Economic Reform; Florin Georgescu, minister of finance; and Romania's National Bank governor, Mr. Mugur Isarescu.

The Romanian delegation arrived in the U.S. capital last night.

Constantinescu Discusses NATO Membership

BR0811162693 Brussels LA LIBRE BELGIQUE in French 8 Nov 93 p 5

[Interview with opposition leader Emil Constantinescu, by Michel Rosten, in Brussels; date not given: "Threats Weighing on Social Stability—Mr. Constantinescu Has Plan for Recovery"]

[Text] *Emil Constantinescu, who is chairman of the Romanian Democratic Convention (which comprises 18 political parties and associations), was leader of the opposition during the presidential elections last year. In the election he received a total of five million votes, while the winner, Ion Iliescu, received seven million. Passing through Brussels, Mr. Constantinescu met with the NATO secretary general [Manfred Woerner] last Thursday [4 November]. This marked the end of his trip. He then willingly responded to a few questions.*

Confidence

[Rosten] For the time being the allies are not at all favorably disposed toward enlarging NATO. Nor is Romania at the top of the list of potential new members, yet it has already spoken out against the possibility of seeing some Central and Eastern European countries join the Alliance before it. Do you share this point of view?

[Constantinescu] This is a key problem: It would be extremely serious to adopt a discriminatory attitude toward Romania in this connection. Mr. Woerner clearly told me that he trusted the sincerity of Romania's desire to cooperate with NATO, and that he believed that Romania should not be left out of any arrangement.

[Rosten] Nevertheless, it would seem that there is already closer military cooperation between the Alliance and the countries of Central Europe.

[Constantinescu] I told the NATO secretary general that the democratic opposition had full confidence in the

Romanian Army, in the direction in which it is moving, and in its sincere desire to join NATO. Mr. Woerner replied that he shared this belief. He even added that during his visits to Romania he had encountered a positive spirit which might be a result of Ceaucescu's habit of keeping a certain distance vis-a-vis the Warsaw Pact. I explained that unlike the old generation of generals, all of whom graduated from the USSR's military academy, the new army leaders were trained in Romania. This explains their desire to cooperate with NATO. However, everyone is well aware of the need to agree to make efforts to modernize Romania's military structures.

Question of Stability

[Rosten] One of the factors which is leading NATO not to prematurely open up to the countries of Eastern Europe is connected with their instability, which the West does not want to import. How do you see the situation within your country in this context?

[Constantinescu] The problem of domestic stability must be understood within the context of Romania's political, economic, and social situation. At the political level, the question surrounding the Hungarian minority has often proved annoying. However, today, the UDMR [Hungarian Democratic Union of Romania] is part of the Democratic Convention, which it has enabled to serve as a buffer between Romanian and Hungarian extremists. Thus, the conflict has been transferred to parliament. On the other hand, the Democratic Convention maintains good relations with the trade unions, which makes it possible to uphold a stable social climate. Let me add, however, that we will be unable to maintain this state of mind indefinitely if the economic reforms and democratization process remain on the back burner. In fact, we believe that the situation threatens to flare up if we do not proceed with privatizations, and if we fail to support the sector of small and medium-sized enterprises, which is the only one that can create jobs. Unemployment in Romania is almost as high as it is in Poland; however, we have not yet undergone the shock therapy imposed by Warsaw following the fall of communism.

[Rosten] Is the government inclined to follow you on this point?

[Constantinescu] In its current composition it is incapable of doing so. The Democratic Convention has presented a plan for emerging from the crisis. It is ready to collaborate with moderates in the current government on condition that the plan is accepted, that it is given the levers to enable it to act, and that collaboration with the former communists is discontinued. Meanwhile, the Democratic Convention is continuing to form a new political and administrative class which might, when the time comes, replace the bureaucracy of the old regime.

Comments on NATO Integration

AU0811211993 Bucharest ROMPRES in English 1817 GMT 8 Nov 93

[Text] Bucharest ROMPRES, 8/11/1993—Emil Constantinescu, chairman of Romania's Democratic Convention [CDR], told a Monday, November 8, press conference, about the interviews he had had in Belgium, where he paid a visit at the invitation of the Group of the People's Parties in the European Parliament.

Constantinescu said that he discussed with the NATO president Manfred Woerner about ways for Romania to get integrated within the NATO structures. He appreciated as positive the creation of a climate favourable for partnership. Constantinescu underlined that the idea supported both by Romania's rulers and the opposition that no discrimination had to be made between Central and East European countries as regards their admission to NATO, "seems to have won despite obstacles."

The CDR chairman drew the conclusion that the opposition and the power were sharing certain viewpoints on Romania's strategical and military problems, that have contributed to its credibility at the level of the NATO structures. Emil Constantinescu mentioned that "the West trusts" the Romanian Minister of National Defence General Niculae Spiroiu.

Foreign Media Bulletin: Balkan Crisis 9 November

WA0911171593

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

TANJUG reports Yugoslav officials reacting positively to French-German peace proposal ... UNPROFOR says Bosnian Serb soldiers seized two Bosnian Interior Ministry officials from UN convoy ... Bosnian Croats force UN refugee workers out of Kiseljak ... Local Muslim leaders in central Bosnia reportedly seeking commercial ties with Bosnian Serbs.

DIPLOMATIC

BELGRADE REACTS TO FRANCO-GERMAN PROPOSAL: TANJUG reports "Belgrade diplomatic and political circles" react positively to French-German proposal to begin lifting international sanctions on Yugoslavia if Bosnian Serbs accept an agreement that would meet Muslim territorial demands. (LD0911113493)

UN PROTECTION FORCES

SERBS SEIZE BOSNIAN OFFICIALS (AFP): UNPROFOR spokesman demands release of two Bosnian Interior Ministry officials who were reportedly seized by Bosnian Serb soldiers during an attack on a UN convoy. (AU0911124493)

HUMANITARIAN

UN WORKERS FORCED OUT OF KISELJAK (AFP): UN officials accuse local Croatian commander of ordering all UN refugee workers out of central Bosnian town of Kiseljak, where 8,000 Bosnian Croats have sought shelter after fleeing Muslim offensive in Vares. (AU0911142293)

UNHCR PROTESTS PREVENTION OF EVACUATION (TANJUG): UNHCR lodges "strong protest" with Muslim authorities in Sarajevo, accusing them of preventing evacuation of 292 serbs from the city. First group of 350 Serbs evacuated earlier. (LD0911135393)

NOTICE TO READERS

With the 10 November issue, the daily publication of the Balkan Crisis Bulletin will be suspended. Further publication of the bulletin will be on an irregular basis, as events in the area dictate, and may be resumed on a daily basis if circumstances warrant.

Stoltenberg Seeks Release of Detained Officials

AU0911124493 Paris AFP in English 1222 GMT 9 Nov 93

[by Jon Boyle]

[Text] Sarajevo, Nov 9 (AFP)—UN peace mediator Thorvald Stoltenberg sought the release Tuesday [9 November] of two senior Bosnian Interior Ministry officials forced at gunpoint by Serb soldiers from a UN armoured convoy.

Stoltenberg said he was trying to contact Serb leaders to secure the release of the officials, who were acting as bodyguards for the Roman Catholic Archbishop of Bosnia, Monsignor Vinko Puljic, when they were forced from the UN convoy Monday.

Speaking after a meeting with Bosnian Prime Minister Haris Silajdzic and members of the collective Bosnian Presidency, Stoltenberg said he had also demanded a military report into the incident, which occured in the Serb-held Rajlovac suburb of Sarajevo. Around 50 Serb troops surrounded a convoy and used crowbars to force open the French armored personnel carriers carrying the clergymen and their guards, UN and city officials have said.

The Moslem-led collective Bosnian Presidency said it held the UN Protection Force [UNPROFOR] responsible for the incident. But Stoltenberg defended the UN troops' decision not to use force against the Serbs, saying: "Military action could easily have ended in nobody coming back."

The archbishop and three senior Croat clergymen in the convoy returned to Sarajevo safely late Monday.

Earlier Stoltenberg's spokesman John Mills said three Serb tanks had trained their guns on the French personnel carriers. Stoltenberg said he was taking the incident "very seriously."

The Serbs, who accused the two men of being war criminals, detained them in a police station. Neither Stoltenberg nor Silajdzic could confirm reports that one of the two men taken by the Serbs had been released.

Meanwhile Siladzic said the scheduled departure of a convoy carrying Bosnian Serb civilians from Sarajevo was suspended Tuesday due to fighting and heavy sniper fire in several parts of the capital.

Some 350 Serbs left Sarajevo by UN escorted convoy Monday and another 295 had been due to leave Tuesday. UN officials confirmed that Tuesday's convoy had been suspended, but gave no reason.

Meanwhile, international sources said UN refugee workers had been ordered out of the central Bosnian town of Kiseljak by a local Croat commander accused by Moslems of masterminding a massacre in the Moslem village of Stupni Do last month.

They said the commander, Ivica Rajic, gave the order Monday to halt United Nations High Commissioner for Refugees (UNHCR) operations in Kiseljak, following a confrontation with a UNHCR field worker a day earlier. All UNHCR staff and workers in related services were ordered not to enter Kiseljak and other organisations were urged to follow suit.

But a UN peacekeeping officer in Sarajevo said the International Red Cross was still operating in Kiseljak and that UN troops were "assisting in the movement of aid from the UNHCR warehouse" in the town.

Stoltenberg, who arrived here earlier Tuesday, said the main object of his trip had been to obtain security guarantees from the Moslem-dominated government for relief convoys, following the killing of a Danish driver last month near Novi Travnik.

"It is of imperative importance that we can have these convoys going and not to suspend them as we did this time.

"I hope that we shall be able to run the convoys again in the very near future, in days and not weeks."

Silajdzic said his government would guarantee the safety of UN personnel "as much as is humanly possible," but said it was difficult to control all elements in the country after 19 months of war.

The two men discussed resumption of the stalled peace process in Bosnia, but there were no new developments to report, said Stoltenberg, adding that the main purpose of his trip had been convoy safety.

He declined to comment on a French-German call for sanctions against Serbia to be lifted in return for territorial concessions by Bosnian Serbs.

Holds Talks With Boban

LD0911130293 Zagreb Radio Croatia Network in Serbo-Croatian 1200 GMT 9 Nov 93

[Text] Talks between Thorvald Stoltenberg, cochairman of the peace conference on former Yugoslavia, and Mate Boban, president of the Croat republic of Herceg-Bosna, began at the command headquarters of the British UN Protection Forces [UNPROFOR] in Divulje near Split this afternoon. Natasa Skaro reports:

[Skaro] Immediately before the talks with Boban, Stoltenberg, who arrived in Divulje from Sarajevo, said that he held talks there with [Bosnian Prime Minister] Haris Silajdzic—because [Bosnian President Alija] Izetbegovic was not in Sarajevo—about creating conditions for the continuing passage for humanitarian aid convoys through central Bosnia. Silajdzic expressed a willingness to negotiate and the talks with all interested parties will continue, Stoltenberg said and expressed the hope that the talks will be successful.

As for the specific issues that will be discussed at the talks in Divulje, he said that they will be defined directly with Mate Boban.

Mate Boban said immediately before the talks that as for the humanitarian aid convoys, they can always pass absolutely freely through the areas in Bosnia-Herzegovina under Croatian control. When talking about convoys allegedly being stopped, one must state exactly which convoy it was and when and where it was stopped and by whom. Without an answer to such questions everything else is untrue.

Presidency Member Declines To Meet Stoltenberg

AU0911121693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 9 Nov 93

[Text] Ejup Ganic, member of the Presidency of Bosnia-Herzegovina, who is standing in for the absent President Alija Izetbegovic, will not receive Thorvald Stoltenberg, cochairman of the peace conference, who is paying a one-day visit to Sarajevo, B-H PRESS reports.

This decision (?by Dr.Ganic) was made in protest to the well-known event concerning [words indistinct] Serbian-Montenegrin aggressor units Monsignor Vinko Puljic [name indistinct] and their escorts. As known, the soldiers in the UN (?escort), members of the French battalion, were uninterestedly watching, for eight hours, the breaking into an UNPROFOR [UN Protection Forces] armored vehicle and the maltreatment of the highest Bosnian Catholic officials and their escorts.

The UNPROFOR forces that were escorting the convoy, even though they had a mandate to use arms to protect the person under their protection, and even to call NATO aircraft for help, behaved extremely unsoldierly, cowardly, and [words indistinct] international community.

An identical thing happened when Deputy Prime Minister Hakija Turajlic was murdered. As B-H PRESS reports, Dr. Ganic will not (?meet) Stoltenberg until the two members of the Ministry of Internal Affairs are released from the Chetnik captivity in which they found themselves (?because) of the soldiers of the French battalion, who were responsible for the safety of the convoy carrying the archbishops.

Leaders of Zenica, Travnik Seek Ties With Serbs

AU0911073293 Paris AFP in English 0141 GMT 9 Nov 93

[by Peter Mackler]

[Text] Zenica, Bosnia-Herzegovina, Nov 9 (AFP)—Moslem leaders in central Bosnia, facing new winter hardships after 19 months of war, are moving in desperation to establish official commercial ties with their Bosnian Serb enemies.

Officials said local leaders of the Moslem strongholds of Zenica and Travnik had met three times in recent weeks with their counterparts from the Serb-held city of Banja Luka to the northwest.

Meeting in the divided town of Turbe on the Serb lines, they discussed restoring phone communications between the sides and a list of products they could trade, said Zenica Mayor Besim Spahic. Spahic said the Moslems had little alternative to dealing with the Serbs in the face of dangerously low stocks of food and fuel, unreliable international aid and a split with their former Croat allies.

"We are trying to find a way out of the vicious circle because it is a question of life," he said in an interview Monday. "Our choice is to die hungry and blocked or cooperate economically."

Moslems and Serbs already have a flourishing black market trade in a range of items, international aid workers say. UN military officers say the Serbs are even selling the Moslems ammunition.

But Spahic, who runs city of 195,000 people including 50,000 refugees, said the Sarajevo government had authorised efforts to seek more formal arrangements to buy Serb wheat flour, sugar and other foodstuffs.

In return, Zenica could provide products from its currently closed steelworks such as rolled steel, wire rods and reinforced bars—items normally covered by the UN trade embargo slapped on the Serbs' patrons in Belgrade.

Spahic said a delegation from Zenica would go Banja Luka this week for new talks. These would be followed by a meeting between himself and Banja Luka Mayor Predrag Radic in hopes of reaching an accord before winter.

"We see our prospects in the near future with economic relations with the aggressor side," said the 40-year-old Spahic. "There is interest from both sides so we think it will work."

He said the Serbs were also seeking talks on "an exchange of civilian populations," but the Moslems were reticent to discuss what they called a euphemism for ethnic cleansing.

Travnik Mayor Mohamed Curic described the talks as a humanitarian effort on behalf of his town of 60,000 people, including refugees.

"We will respect the embargo on the Serbs," he said. Curic, whose town west of here was once a model of Moslem-Croat cooperation, said the Croats had betrayed and blockaded the Moslems.

He called the Serbs "the only side you can talk jointly with." Spahic denied that efforts to develop links with the Serbs could lead to a rupture with the Sarajevo government, already faced with a revolt by Moslems in the northwest Bihac pocket.

He said Bihac's autonomy drive, led by businessmen Fikret Abdic, was part of an international plot to break up the country and "there is no possibility a similar occurrence will happen in central Bosnia."

Spahic accused the international community of using aid supplies to force the Moslem-led Bosnian Government to agree to the ethnic partition of the former Yugoslav republic. He rejected arguments that he promised aid, from food to explosives for Zenica's coal mines, had been blocked from delivery.

"UNPROFOR (United Nations Protection Force) units here and the United Nations as a whole have the means to re-establish the roads for the humanitarian aid," Spahic said. "They haven't even tried."

The mayor said the trade talks with the Serbs could be the beginning of the healing process for Bosnia after a brutal conflict that has killed some 200,000 people, according to local estimates.

Abdic Signs Accords With Serbs, Croats

LD0811164293 Belgrade TANJUG in English 1108 GMT 8 Nov 93

[Text] Belgrade, Nov 8 (TANJUG)—The Moslem autonomous province of western Bosnia has entered into political and economic cooperation with Bosnian Serbs and Croats, its former foes in the 19-month-old civil war in Bosnia-Herzegovina.

The three nations signed a declaration in the western Bosnia capital of Velika Kladusa on Sunday [7 November], establishing economic and political cooperation among the Moslem province, the Bosnian Serb republic and the Bosnian Croat state of Herzeg-Bosna.

The signing was preceded by a meeting of western Bosnia President Fikret Abdic with Bosnian Serb prime minister Vladimir Lukic and Herzeg-Bosna's premier Jadranko Prlic, the Agence France Presse writes from Zagreb, Croatia.

Abdic had signed mutual recognition agreements with Bosnian Serb president Radovan Karadzic and Bosnian Croat leader Mate Boban in October.

Moderate Abdic, seeking an end to hostilities in Bosnia and the Moslems' coexistence with the Serbs and the Croats, has proclaimed his province's autonomy from the rest of Moslem Bosnia, opposing the policy of hardliner Alija Izetbegovic.

Every day, a convoy carrying consumer goods and commodities for the needs of agriculture comes to or passes through Velika Kladusa, Abdic told TANJUG in the town on Monday.

It is Abdic's concept that the province should be organised as a free zone, said Ramo hirkic, the province's economy minister, announcing the government's regulations on tariffs and customs duties.

"I believe that all countries of former Yugoslavia will eventually form one kind of customs union or another, and that is what we are preparing for," said Hirkic.

Mostar Bridge Under Heavy Shelling by Croats

LD0811225293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2100 GMT 8 Nov 93

[Excerpts] Alija Behrem reports from Mostar.

[Behrem] Howitzer and tank shells rained down on Mostar early this morning. Artillery attacks continued throughout the day and reports that their target was the Old Bridge and the center of the old town were met with disbelief. [passage omitted]

All of this was filmed by Mostar war cameramen, painstakingly gathering documents about the barbarity of ustasha hordes which have caused so much evil to the city over the last six months that there is no sense in comparing them with [Bosnian Serb leader Radovan] Karadzic's soldiers. Representatives of Mostar and its army raised their voice today in protest to the world, demanding urgent measures to save the Old Bridge if there is any chance of saving it at all. Suad Klaric, the mayor of Mostar, spoke on the Bosnia-Herzegovina radio and television calling on the world to condemn this barbaric act and to take urgent steps. [passage omitted]

The criminals of Mate Boban [Bosnian Croat leader] fired five salvos of 12 tank shells each toward the arch and the foundations of the Old Bridge today. Most of the shells hit the vulnerable part of the Old Bridge.

Granic Supports Croat-Muslim Cooperation

AU0911093593 Ljubljana OSLOBODJENJE (European Edition) in Serbo-Croatian 29 Oct-5 Nov 93 p 10

[Interview with Dr. Mate Granic, Croatian foreign minister and deputy prime minister, by Josip Vricko and Darjan Zadravec; place and date not given: "Two Variants of Life (Together)"]

[Text] Since Dr. Mate Granic changed his career in medicine for a political-diplomatic one, he has proved equally successful in both. There are certain interesting details in his political career: As deputy prime minister he was directly engaged in taking care of refugees and displaced persons, and now, as foreign minister, certainly not only to perform the additional function of the commissary for implementing the Izetbegovic-Tudjman Geneva agreement, he has undertaken the role of a mediator in the exchange of prisoners of war between the Croatian and Muslim side in Bosnia-Herzegovina. The exchange of prisoners of war is, naturally, only one of the reasons for this interview, which Dr. Granic gladly agreed to despite his obligations and frequent travel.

[OSLOBODJENJE] Mr. Granic, since you are directly involved in the prisoner exchange, could you tell us how much truth there is in the stories about monstrous crimes in Herceg-Bosna and Bosnia-Herzegovina camps?

[Granic] The camps in Bosnia-Herzegovina are, on the one hand, a Serbian invention, especially the capturing of civilians at the beginning of the aggression, and, on the other hand, they are a consequence of war. In history, every country at war had prisoners' camps, which is why, 127 years ago, the International Red Cross started helping all the people in need during war conflicts. The modes of treating the so-called prisoners of war were later transferred to the so-called Geneva Convention. Therefore, if international law and humanitarian laws are observed during the war, this means that humane conditions are provided, that the International Red Cross Committee is allowed access to the camp so that the prisoners can be registered, and that there are no captured civilians, then there will be no objections from the international public. There was certainly a lack of experience, there were many individual violations, and both the Croats and the Muslims had detention centers. There is no doubt about that. The Croats paid a much higher price, though, as during a certain period the international public was orchestrated exclusively to condemn the Croats.

[OSLOBODJENJE] Does this exchange of prisoners affirm that the problem will really be solved, and does it have any influence on the situation?

[Granic] This exchange, as well as allowing 36 convoys in two weeks to pass unconditionally, are a great step forward. This, certainly, also creates the preconditions for a better understanding between the two peoples. However, the most important thing is the unconditional cease-fire. For instance, Vitez is a Croatian enclave, and any disturbances regarding that fact would certainly cause reactions, as would be the case with forced attacks in the area south of Mostar. Therefore, I repeat, a cease-fire is important for the continuation and success of the political dialogue.

[OSLOBODJENJE] How do you assess the implementation of the Tudjman-Izetbegovic agreement, considering the activities of the task forces?

[Granic] The greatest achievements have been made in the humanitarian area, in the reestablishment of trust, and the task forces have been successful, but the final success will only be seen after the Declaration is fully implemented. As far as the demarcation between the Croatian and Bosnian Republics is concerned, there are no talks on that subject at present, as the global political solution is expected. As far as the global solution is concerned, President Tudjman has proposed that, with the fundamental principles of the Geneva conference and the arrival of the NATO forces, the international community's arbitration be accepted with regard to borders, which the Bosnian side has also demanded. Therefore, the latest developments indicate, among other things, that the Bosnian side should finally take a stand on what its final options are. Namely, it is completely clear that the Serb side does not want to remain in the union, and that the Bosnian, or, primarily, Muslim side needs to decide whether they want to be in a union with the Croats, or alone as a sovereign state. In both cases, it is in the interest of Croatia that close cooperation be established. That means that if a union between the Muslims and Croats, or the Croatian and Bosnian side, is established, we will support it, and, on the other hand, if the decision is made that they will form an independent state, that opens the possibility for close cooperation, both economic and political, to provide full protection for the human, civil, and national rights of the Croats, a significant number of whom will remain in the Bosnian republic or state. The same goes for the rights of the Muslims in the Croat republic, as well as for the rights of the Serbs. May God grant us peace and normalization of relations among all.

[OSLOBODJENJE] The events in western Bosnia have additionally complicated the situation in Bosnia-Herzegovina. Apart from President Tudjman's personal expression of support to Fikret Abdic, official Croatia has not stated its position regarding this little Velika Kladusa state. Does Croatia think that it is still not the time to express its position, or does it not have a position on the problem?

[Granic] At a news conference, President Tudjman said that this was an inter-Muslim conflict. He also said that Croatia did not have a part in it. Croatia, naturally, helped the region so that normal living conditions could be maintained. One of our primary interests is that there should be no exodus from that area, as it would bring additional refugees to Croatia. As there are Croats in the region, it is in the interest of Croatia that the territory does not come under Serbian control. These are the key

interests that have shaped our positions, and nothing more than that. These are our realistic positions, and it is what we said, very clearly, to President Izetbegovic and minister Silajdzic. You are also familiar with the tensions in Zenica, in Posavina, and in Tuzla. However, the clear Muslim position regarding these events is important to us. I think that positions should be stated clearly, as they are stronger then. As you can see, Croatia has a clear policy regarding this issue. Namely, in the case of finding the common language between the Croats and Muslims, the restoration and development of Croatia and Bosnia-Herzegovina will certainly have firmer foundations. Therefore, I am talking no fiction, but realistic, practical, specific, political, and geostrategic interests.... The situation is the same in Serbia: It is very important for its future that it give up the greater Serbian aspirations, as this will have a great impact on the stability of the future Serbia. It is certain that no one in Croatia will allow the Croatian state territory to be touched, absolutely no one! It is very important that Croatia be recognized within the Croatian state borders, and it is therefore also important that Belgrade stop helping the rebel Serbs.

[OSLOBODJENJE] The Muslim conflict in western Bosnia therefore suits neither Bosnia-Herzegovina nor Croatia?

[Granic] That is correct. President Tudjman offered to organize the meeting of President Izetbegovic and Fikret Abdic in Zagreb. Izetbegovic did not accept. Naturally, that is his right. You should understand that the fierce conflicts in western Bosnia could bring some 100,000 refugees to Croatia, that these conflicts could lead to further suffering of the Croats, and that, finally, they could lead to the weakening of the general position and control of the front lines toward the Serbs, which would certainly be very bad.

[OSLOBODJENJE] Mr. Granic, in this political and military situation, how certain is it that the Geneva peace talks on Bosnia-Herzegovina will continue, and how strong a negotiator are the Serbs regarding the aforementioned elements—both in relation to Bosnia-Herzegovina and the territory they have occupied in Croatia, which, we hope you will agree, must be viewed together?

[Granic] The Serbs are now certainly in a weaker strategic position, regardless of the large territories they have occupied. However, as you can see, there are conflicts in Knin; in Banja Luka and Belgrade the Assemblies have been dismissed.... The fighting between [Krajina Serb interior minister Milan] Martic and [Krajina Serb president Goran] Hadzic is no longer a trick, but a real conflict. We therefore propose to President Izetbegovic and Prime Minister Silajdzic that there be intensive talks at this time, as they will strengthen our general position. The conflict must be resolved in a peaceful way. I can tell you for certain that the Republic of Croatia will support the cease-fire between the Croat Defense Council and the Bosnia-Herzegovina Army, and this is our message, a clear message: return to negotiations!

[OSLOBODJENJE] In the past several weeks there have been announcements from many political centers that a new international conference on the former Yugoslavia will be convened, at which a new, so-called global plan for the solution to the crisis on these territories, will be proposed. Has Croatia been keeping up with this initiative, and what is its position?

[Granic] Croatia has been closely following all these proposals, closely cooperating with the international community and, primarily, with the chairmen. We have been keeping up with what the final proposal will turn out to be. What does the global conference imply? It should cover the UNPA's [UN-protected areas], the final solution for the organization of Bosnia-Herzegovina, the solution to the crisis in Bosnia-Herzegovina, Kosovo, Sandzak, Vojvodina—that is, the protection of the minority rights of the Croats and Hungarians in Serbia.... Our principles are clear: The full implementation of all the elements of Security Council Resolution 871, and the basic principles of the London Conference.

Federal

Reaction to Franco-German Initiative on Bosnia

LD0911113493 Belgrade TANJUG Domestic Service in Serbo-Croatian 1008 GMT 9 Nov 93

[Text] Belgrade, 9 Nov (TANJUG)—The first unofficial reactions among Belgrade diplomatic and political circles stress as positive the fact that the Franco-German initiative [on Bosnia-Herzegovina] is associated with the beginning of the lifting of sanctions.

As is known, France and Germany are proposing that economic aid be given to Yugoslavia, including the gradual lifting of sanctions, if the republic of Srpska accepts an agreement that would meet the territorial demands of Bosnian Muslims.

The same circles emphasize that the EC was the first to introduce sanctions against Yugoslavia. Accordingly, the EC could autonomously lift "its" sanctions without waiting for a UN Security Council decision.

As for the proposal regarding territorial concessions, it is stressed in Belgrade that it is primarily the Srpska republic that has to make a decision on this. It is, however, recalled that the representatives of the Srpska republic said some time ago that they were willing to negotiate some territorial corrections with the Bosnian Muslims, but only after the peace agreement on Bosnia has been signed.

As has been announced in Brussels, EC foreign ministers will discuss and probably make a decision on the Franco-German initiative at a meeting in Luxembourg on 22 November. This is also described in positive terms today in Belgrade.

It is obvious, Belgrade diplomats and political circles stress, that the European Twelve are beginning to understand that the key question at the moment for the resolution of the Yugoslav crisis is the end of the war in the former Bosnia-Herzegovina. Peace in Bosnia would create conditions for resolving other problems in the former Yugoslavia, for the beginning of the lifting of sanctions, and the return of the Federal Republic of Yugoslavia to the United Nations and other international institutions.

Agriculture Ministry Seeks To Import Fertilizers

LD0811180993 Belgrade TANJUG in English 1609 GMT 8 Nov 93

[Text] Belgrade, November 8 (TANJUG)—The Ministry of Agriculture of the Federal Republic of Yugoslavia on Monday asked the United Nations sanctions committee to allow it to import 225,000 tonnes of fertilizers for winter crops.

The production of sufficient quantities of food next year will depend on whether the import of fertilizers will be allowed, the Yugoslav Ministry of Information said in a statement.

If the sanctions committee rejects the demand, the international community will next year have greater financial obligations in securing humanitarian aid because Yugoslavia's needs for food and materials for its production will considerably grow, says the statement.

The Federal Republic of Yugoslavia, which used to be a major food exporter, is now having difficulties in producing enough food for its 10.4 million inhabitants and half a million refugees from the war zones in former Yugoslav republics.

The import of fertilizers and components for their production is banned under the sanctions regime imposed in May last year against Yugoslavia and, as a result of that, less than 60 kilograms of fertilizers were used per hectare on Yugoslav fields earlier this year, which is 25 percent less than the average quantity used in European Countries, the statement says.

The import of fertelizers would be realised through the Bulgarian firm Impeks, which also has permits for the delivery of some other humanitarian supplies for Yugoslavia.

Institute Report Shows Embargo Effects on Industry

LD0811192693 Belgrade TANJUG in English 1747 GMT 8 Nov 93

[Text] Belgrade, Nov 8 (TANJUG)—Most of the economy in the Federal Republic of Yugoslavia (F.R.Y.) in October made use of 25-30 percent of their production capacities due to the lack of oil, raw materials and production material because of the international sanctions.

According to the results of the October poll of the Belgrade Institute for Market Research, the utilization of the capacities dropped to only ten percent in some branches of the industry.

"Not enough orders get to industrial enterprises in order for production to be launched," head of market research at the Belgrade Institute Tomislav Milisavljevic said on Monday.

This month only one-fourth of the polled industrial enterprises had higher orders and these were almost solely manufacturers of deficient foodstuff items, he said.

According to the poll, due to these difficulties 81 percent of enterprises had insufficient stocks of production materials and raw materials, 32 percent of production was at a standstill, and 62 percent had longer interruptions.

The poll showed that in the months to come a fall in production is expected in 40 percent of the polled industry, and almost all economists agree that prices will continue to soar without any control.

The F.R.Y. had an inflation of 1,896 percent in October, which is the absolute world record. A total collapse is threatening the economy, operating under conditions of strict U.N. sanctions and the manufacturers are attempting to retain the value of capital by daily increases in price.

Late in may of 1992, the U.N. Security Council imposed strict sanctions against the F.R.Y. because of its alleged involvement in the civil and religious war in neighbouring Bosnia-Herzegovina.

Serbia

Milosevic Meets With Greek Foreign Minister

Milosevic, Papoulias News Conference

AU0811213893 Belgrade RTB Television Network in Serbo-Croatian 1830 GMT 8 Nov 93

[News conference by President Slobodan Milosevic and Greek Foreign Minister Karolos Papoulias in Belgrade on 8 November; Papoulias speaks in Greek with passage-by-passage translation into Serbo-Croatian—recorded]

[Text] [Milosevic] I am very glad to have had the opportunity today to greet our old friend Karolos Papoulias, who is now foreign minister of friendly Greece. The fact that he has started his mission and his new job as foreign minister by visiting Belgrade illustrates the extent to which Greece and its government are interested in the settlement of the Yugoslav crisis. It also illustrates to what extent the solidarity and friendship shown by the Greek people to us are the motive for such a visit.

I would like to tell you that we have had very open talks on all the key issues concerning our bilateral relations and the course of the peace process with which the crisis in the former Yugoslavia should be resolved, from both the standpoint of Greece's role as our close neighbor and friendly country, and from the point of view of its role of the future chairman of the European Community.

I must say that our assessments and views concerning the various issues were congruent, and I sincerely hope that the work of not only Greek diplomats but also of Greece as a state, in accordance with the will and determination of the Greek people, will be a positive factor in the settlement of the crisis in our country and indeed in advancing our bilateral relations.

[Papoulias] We have held very important talks, we as a Greek delegation, with Serbian President Mr. Milosevic. We discussed in great detail all the issues that are of interest for our region, as well as the ways to proceed in future and the possibilities of all those fighting for peace in the region. We also discussed the current grave situation.

I am leaving your country satisfied because I believe that joint efforts that will be made will be in the interest of our region, in the interest of peace, and finally in the interest of finding a solution to the outstanding problem of Bosnia-Herzegovina.

[Unidentified correspondent] Mr. President, is Mr. Papoulias bringing a special proposal on how the Bosnian crisis should be solved, even on the position of the Serbs in Croatia.

[Milosevic] We agree that the Bosnian crisis should be solved in a peaceful way, by intensifying the peace process. In this sense, the Greek Government's resolve is becoming a constant resolve for peace. We appreciate this position very much.

[Unidentified correspondent] Mr. President, has anything been agreed on concerning the sanctions?

[Milosevic] There is no doubt that the sanctions represent an unprecedented pressure on our country, and I would say a genocidal act against our people, an act that is increasingly losing every political, moral, economic, let alone any other, sense. The sanctions are no doubt bothering the entire region, including Greece and all the other neighboring countries. I hope that the course of events will show that, by insisting on the lifting of the sanctions, not only as completely unfounded and not only as an act with which all principles of international relations have been violated, but also as an act that insults the interests of the entire region, they will become a subject of criticism of an increasing number of countries affected by them.

In this sense I am sure that Greece, including the Greek Government, will do everything that it can to help the lifting of the sanctions. Of course, this is something that we have discussed with Minister Papoulias.

[Unidentified correspondent] Mr. Papoulias, [words indistinct] easing of sanctions against Yugoslavia launch before or after 1 January, that is, the date when you are becoming the chairman of the European Union.

[Papoulias] You see, we have studied the effects of the sanctions, and we have tried to establish whether the sanctions contributed or are contributing toward a peaceful solution for Bosnia-Herzegovina. Of course, we will, through such discussions, make the (?appropriate) decisions. We will assess the ways in which we will intervene in the international public, bearing in mind the new situation, which will continue to develop after Greece takes over the chairmanship of the European Community on 1 January.

[Unidentified correspondent] Mr. President, you said that you hope that the Greek Government's position will be harmonized with the position of the Greek people. What do you mean by that?

[Milosevic] I think that the position of the Greek Government has been harmonized with that of the Greek people. I am fully aware that the Greek people have extended great support to us, and that the policy conducted in the interests of the Greek people will be directed against the pressure on our country, including the sanctions, that is, against the sanctions.

[Papoulias] Mr. Minister, do you believe that the embargo will be lifted before the conclusion of the peace talks on Bosnia-Herzegovina?

[Papoulias] You see, this is a problem and I cannot tell you what the result will be. I insist on what I said, namely that a new situation is now developing. We must seriously consider this situation. We will see what our moves will be in the near future with regard to that.

[Unidentified correspondent] Mr. President, can you tell us on what level the well-known Belgrade-Athens axis is today.

[Milosevic] I think that relations between Belgrade and Athens can be judged on the basis of traditional and historical friendship and cooperation between the Serbian and the Greek people, and the current relations between Serbia and Greece that are fully in accordance with this tradition and this friendship. I would like to say that we highly appreciate the support that we have received from Greece at this very difficult time, when our country is facing such strong and inhuman pressure. I am sure that this support will be an important factor in the further advancement of our friendly relations.

[Unidentified correspondent] Mr. President, did you discuss the issue of Kosovo and the possibility of the CSCE observers' presence [there]?

[Milosevic] We discussed all issues, so, therefore, we also discussed the Kosovo issue, because the Greek Government and the foreign minister—naturally—wanted to confirm and to learn our positions on all the crucial issues regarding relations in Yugoslavia. As for the Kosovo issue, our position —which is known to the international community—is that Kosovo is our internal affair. We cannot accept—in any respect—the internationalization of the Kosovo problem, because we would understand every internationalization of the Kosovo issue as a direct interference in our domestic policy, which is something no sovereign country would agree to. I am glad that in this respect we have met with complete understanding on the part of our Greek friends.

We have broached this issue in our talks. Our position is known; we believe that the problem between Athens and Skopje has to be solved first, and only then can our country take steps regarding the recognition of this republic. However, processes are in progress there that are certainly not in the function of the republic's citizens, in their interests, that is. [sentence as heard] A politicization of this relationship is in progress, a relationship that the Albanian separatist movement has developed to a great extent with the support of the present republican authorities in Skopje, so that they are now facing a problem, a demand, that is, to define the republic as a republic of two peoples, which will be a direct prelude to demands for the secession of western Macedonia from the present republic. Therefore, Greece will have to face all these complications when it starts negotiations with the Skopje representatives.

If such processes continue there—and I would again say that this will be against the interests of the citizens who live there—I am afraid that there will be no one for Greece to recognize if it does not hurry up.

President's Office Issues Statement

LD0811223093 Belgrade TANJUG Domestic Service in Serbo-Croatian 2017 GMT 8 Nov 93

[Text] Belgrade, 8 Nov (TANJUG)—Slobodan Milosevic, president of the Republic of Serbia, today received Greek Foreign Minister Karolos Papoulias, currently on an official visit to Yugoslavia, the president's office has announced.

"Minister Papoulias conveyed Prime Minister Papandreou's warmest greetings to President Milosevic," the statement says. "Expressing his thanks, President Milosevic said he expects to welcome Prime Minister Papandreou in Belgrade and asked Minister Papoulias to convey his sincere regards and best wishes."

In their lengthy, friendly, and very open talks, the Serbian president and the Greek foreign minister discussed the most important political issues of mutual interest, as well as the situation in the region.

Mutual satisfaction was expressed over the successful development and stability of mutual relations, as well as the multi-faceted cooperation between Serbia and Greece, which, it was said, is based on sincere and traditional friendship, historical closeness, and understanding between the Serbian and Greek nations. Serbia attaches great importance to its relations with Greece and sees it as a true friend.

Minister Papoulias's visit to our country, at the very the beginning of his mission, attests to the high level and character of Serbian-Greek relations, as well as to the continuity of the political dialogue between our two countries.

The Republic of Serbia greatly appreciates the support Greece is extending in its efforts to establish peace and stability in the Yugoslav region, as well as Greece's determination to develop substantial ties with Serbia, that is the Federal Republic of Yugoslavia [FRY], despite the limitations stemming from the embargo against our country. Greece and the Greek people have shown great understanding for our position and have adopted a principled stand regarding the Yugoslav crisis.

In this respect, in addition to an ongoing political dialogue, mutual interest was expressed in contacts

between the representatives of parliaments, cities, businessmen, and their associations, scientists, artists, sportspersons, and others.

Special attention in the talks was devoted to a political settlement of the Yugoslav crisis, the establishment of peace in the region of the former Bosnia-Herzegovina, and the current situation in the region.

It was stated that the best way to stabilize the situation in the area is to accept the peace offered by the Geneva peace plan for Bosnia-Herzegovina, and that the international community should take its share of responsibility for ensuring that the Geneva peace process ends successfully.

It is unfounded and unjustified to continue with the implementation of sanctions and with a policy of pressure against Serbia, it was jointly assessed.

The developments in the former Bosnia-Herzegovina have disproved all the ready-made theories about the alleged aggression by Serbia and confirmed that a civil war involving three sides is taking place there.

However, instead of acknowledging the contribution by the Republic of Serbia toward building peace and reaching a solution, the international community is trying to pass the weight of its failed policy on to the Serbian people. The peace at the borders of the Republic of Serbia and the war waged between the Muslims and the Croats in the former Bosnia-Herzegovina have made it impossible not to see the truth. A convincing political pretext for postponing the time when peace is definitely established in the former Bosnia-Herzegovina is not there any more, which served the sole purpose of keeping the Federal Republic of Yugoslavia and Serbia in isolation. There is also no moral justification for talking about being humane and at the same time banning humanitarian aid deliveries.

Greece is pressing for the lifting of sanctions against the FRY, because they are destabilizing the political situation in the region and hindering the establishment of a just and lasting peace in the Yugoslav area. Greece will, therefore, try to present its stance with convincing arguments within the EC, and in its capacity as the next chair country, as well as within other international organizations.

It was stated that relations between Serbia and Greece present an example of cooperation and relations among the Balkan countries, with an assessment that the lifting of sanctions against Yugoslavia and Serbia would be the most significant impetus to peace and stability, and to the restoration of economic, political, cultural, and all other links and cooperation in our region.

Yugoslav Foreign Minister Vladislav Jovanovic also took part in the talks, the statement by the Serbian president's office says in its conclusion.

Macedonia

Foreign Minister Favors Further Talks With Greece

AU0911063593 Skopje MIC in English 8 Nov 93

[Unattributed report: "Stevo Crvenkovski: Continuation of Negotiations"]

[Text] Macedonia's Foreign Minister Stevo Crvenkovski stated for Macedonian Television on Saturday night that the negotiations with Greece should continue.

Crvenkovski gave his statement on the occasion of the letter from Greek Foreign Minister Karolos Papoulias to [UN Secretary General] Butrus-Ghali, which contained new conditions for the Macedonian-Greek negotiations.

Crvenkovski said that Macedonia was an internationally recognized subject, that it has been accepted to the UN and already recognized by the majority countries in the world. Our stances regarding Greece are familiar to the world public and the letter to Butrus-Ghali does not change anything.

Macedonia Used in Deportation of Kosovo Albanians

AU0811134193 Skopje MIC in English 5 Nov 93

[Unattributed report: "Frckovski: Macedonia—Transit Zone for Deportation"]

[Text] Macedonia's Interior Minister Ljubomir Frckovski admitted yesterday that Macedonia, in agreement with the governments of Sweden, Germany, and Switzerland, was a transit zone for the deportation of the Kosovo Albanians, back to Serbia.

At the session of Parliament, in response to the deputy question of Kiril Kovacevski from VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democrtic Party for Macedonian National Unity], Frckovski explained: "Deportation is a normal occurrence in the EEC. Macedonia isn't the only place through which deportation of the Albanians is carried out. It is also done in Romania, and I'm not sure about Bulgaria. Ten days ago, we stopped this process, in order to regulate and convince our partners to finance it. Otherwise, contrary to claims, the number of these deported persons is not great."

Due to the deportation of the Albanians whose deadline of stay in these western countries had expired, Macedonia is suffering great criticism from international human rights organizations, particularly from "Amnesty International."

The Albanian parties PDP [Party for Democratic Prosperity] and NDP [People' Democratic Party] asked for the deportations to stop, as young people, mainly

deserters from the former Yugoslav Army were in question, who would certainly face Serbian political repercussions.

Comments in Macedonia say that as a country bordering with Serbia, Macedonia is used by the western countries for the deportation of the "unwanted" guests, and does not deserve the criticism of the human rights organizations of these countries. Their governments are the ones the criticism should be addressed to.

The press and public is asking why has the Macedonian Government agreed to be a transit zone in the first place, and due to that, created a "political problem" from the deportation itself.

Frckovski yesterday announced that the speculations in the press that a certain number of the Kosovo Albanians remained in Macedonia with their relatives, were not accurate.

Kosovo

Prominent Ethnic Albanians Denied Passports

AU0811163993 Tirana ATA in English 0913 GMT 8 Nov 93

[Text] Tirana, November 8 (ATA)—Serbian authorities are limiting to maximum the elementary right of free movement for Albanian leaders and intellectuals of Kosova, not giving them passports for travelling abroad. At the same time, Serbian authorities are granting passports to Albanian citizens and families whom they believe will not come back to Kosova. Moreover, through the so-called "Tourist agencies," the Serbian authorities enable Albanian individuals and families to move from Kosova even without passports and visas.

A consequence of this double game by Serbian authorities is their refusal authorities of the passport to President Rugova for his visit to Paris, where he was officially invited by the French Government. The same happened with Mr. Adem Demaci who couldn't go to get his Peace Prize in Madrid, accorded to him by the Rectors' Club of the European universities.

In addition to these acts, Serbian authorities have not allowed representatives of international organizations, like Amnesty International, to go to Kosova.

Vojvodina

Croats Invited to UN Session on Human Rights

LD0911000293 Zagreb Radio Croatia Network in Serbo-Croatian 2300 GMT 8 Nov 93

[Text] The Democratic Alliance of Vojvodina Croats has received an official invitation from the UN headquarters in New York to participate in the plenary session of the UN General Assembly at which human rights violations on the territory of former Yugoslavia will be discussed.

One of the subjects of the discussion will be the difficult position of Croats in Serbia and Montenegro, it was announced at the headquarters of the Democratic Alliance of Vojvodina Croats in Subotica.